

1983

# A History of Louisiana's Rural Electric Cooperatives, 1937-1983.

Gary Alan Donaldson

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*The Louisiana State University and Agricultural and Mechanical Col.*

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A HISTORY OF  
LOUISIANA'S RURAL ELECTRIC COOPERATIVES,  
1937-1983

A Dissertation

Submitted to the Graduate Faculty of the  
Louisiana State University and  
Agricultural and Mechanical College  
in partial fulfillment of the  
requirements for the degree of  
Master of Arts

in

The Department of History

by

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B.A., Western Kentucky University, 1972  
M.A., Western Kentucky University, 1977  
December 1983

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It is probably impossible to write a dissertation without a lot of assistance. It might be just as impossible to thank everyone who assisted. Many aided this endeavor. Several helped in small ways with words of encouragement here and there, while others helped with advice, ideas, and opinions. I regret that I cannot thank everyone.

I would, first of all, like to thank my director, Burl Noggle, and the rest of my committee members, Paul Paskoff, John Loos, John Henderson, and Roland Chardon for doing what committee members do. They monitored my work, always keeping my head pointed in the right direction. Their assistance and criticism was always helpful.

I am thankful to those who consented to interviews. Many gave up their valuable time to do all they could to help me attain a goal. Their names are listed throughout the work. I would also like to thank Helen Kelly for offering advice and assistance through the first part of the work. Most of all, I would like to thank my wife, Jenee Lambke. She was a help and an inspiration more than she knows. From critic to typist, her assistance was invaluable from the beginning to the end.

I am also indebted to the Association of Louisiana Electric Cooperatives for making available to me a small expense account. Without it, much of the research for this work would have been impossible. I would also like to thank them for resisting any temptation to influence my work.

Lastly, if one can possibly dedicate a dissertation, I would dedicate this to my grandfather, George Ramp. He was the roots from which my interest in history has grown. He would have enjoyed it.

Just as it is important to thank those who helped, it is just as important to look at those who did not. It is not my intention to criticize these people, but only to explain why they refused to help, and why, in one case, information came from an unusual source.

During the research and writing of this work, Cajun Electric and ALEC were embroiled in a series of controversies that ultimately effected the work's outcome. Cajun #2 was crippled by a series of mechanical failures just as I began research, and Foster Campbell's bill to place the co-ops under the Public Service Commission passed the Louisiana Legislature just as I finished. Consequently, ALEC and Cajun were quite sensitive to the press (a category into which I was unfortunately placed). Throughout

this period I was often denied interviews and information that I needed, but in nearly every case, I was able to circumvent the problem. For example, no Cajun officials would agree to be interviewed, but I was able to talk extensively with Merle Burgin. He is no longer at Cajun and therefore is not caught up in its various and immediate problems, yet he possesses a grasp of the history of Cajun that opened more doors for me than any other interview. Also, ALEC refused to release pertinent rate information, despite repeated requests. This information was finally made available to me through Senator Foster Campbell. It was by no means complete rate information, but it was enough to make some evaluation of Cajun's recent problems. The point to be made here is that I do not feel that the work has suffered because of the lack of cooperation from ALEC and Cajun Electric. But it is important to explain why no Cajun officials were interviewed, and why rate information came from a source other than Cajun and ALEC.

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## PREFACE

The electric co-op system in Louisiana had its start as a New Deal agency, as a direct result of the legislation passed in 1936 to establish the Rural Electrification Administration which was to bring lights to rural America. But like several other New Deal programs, the REA had its roots early in the twentieth century. Gifford Pinchot, who, as governor of Pennsylvania in the mid-Twenties, saw how an electrified rural population would benefit the entire nation, had advocated the idea since 1910. But Pinchot, in this and other ways, was before his time. It would be his young assistant, Morris Llewellyn Cooke, who would transfer Pinchot's dream into reality as FDR's first REA Administrator. None of this may seem to have a direct effect on Louisiana, but without the dreams of these early idealists, no rural electrification system could ever have gotten off the ground in Louisiana--or probably anywhere.

Cooke is the obvious link between Pinchot's dreams of the Twenties and the REA legislation of 1936, but there was a similar link between that legislation and the rural co-op system in Louisiana. Unfortunately, it is not as easily documented. There was no one man, such as Cooke,

to connect both parts. Of course, there were connections; someone had to discover that there was money available, that it all could work. In most areas of the state, that was usually a county agent. He may have been informed of the program through the state university system, or through government publications. These men were not much more than administrators of the information. The real initiative came from prominent local citizens, usually police jurymen. They set up the organization, borrowed the money, and, most importantly, took on the responsibility. They were the Morris Llewellyn Cookes of the local co-ops; they were the connection between one facet of the program and another.

But these local men were not dreamers, they were doers. They had been doers all their lives. They were pragmatists with pragmatic goals. Many of them were pragmatic to the point that they were motivated to get electricity for themselves. But they all realized that electricity connected to their farms meant electricity for others, and that their ability to pay for it meant that those who could not would also receive it. Furthermore, many of them must have seen that the future would eventually bring electricity to everyone. They were not dreamers, but they were idealists.

It is difficult to know if these men saw the economic importance of what they were doing. Did they see that lights in the countryside would bring prosperity in the form of increased agricultural production, industry, jobs,



and activity where there had been virtually none before? Did they see that this economic activity would bring on more economic activity, and then still more? Possibly they did, to some extent. Certainly they saw that electricity would make farm life easier, even desirable for those who were leaving the farm, scrambling to the cities for jobs. There was a great fear in the Thirties that dwindling rural populations would somehow cause America to go hungry. But Louisiana advocates of rural electrification probably did not know that this electrification would be one of several factors that would lead to the end of farm tenancy in the South by making it possible for just a few men to farm a large plantation. By the time World War II had begun, tenants were no longer needed on the farms, while at the same time, war industry jobs in the cities pulled them away even faster. But, of course, because of increased mechanization, no one starved, and production soared. These men were not seers, but some of what the future held for a rural population with electricity at its fingertips must have been apparent.

There were thirteen co-ops in Louisiana that began operations between early 1937 and 1940. Each one began in a very similar way, but each had unique characteristics, as well. Many of those who organized these programs are still around today, still active, able to see what has become of a plan some forty-five years ago to bring lights

to a few people here and there. The passage of the REA bill in 1936 would have had no significance for Louisiana had it not been for these people. They made it work, and they influenced what has transpired since the formation of these groups. The formation of these thirteen groups is the basis of the history of rural electrification in Louisiana. Everything else is either a foundation for, or a creation of, that group.

A few years after their organization, it became obvious that these thirteen co-ops needed, in some manner, to consolidate their interests. Just as they could not, as individual farmers, get electricity, as individual co-ops they were not powerful enough to do the things that needed doing, everything from buying trucks at group prices to having needed legislation passed. So, they simply formed a statewide co-op of their individual co-ops. That group was immediately successful, and it became apparent that organization meant power. When they felt it was time to generate their own electricity, to get out from under the private utilities that sold them the power they distributed, they again organized. They found that alone, the individual co-ops could not stand up to the private utilities, but together, they were strong enough.

In the early period of the program in Louisiana, say up to 1950, the goal had been to make the idea work, to put into practice what many had longed for for years--

rural electrification. To achieve that goal, the rural co-ops needed the cooperation of the federal government and the state government, and, most of all, they needed the cooperation of the state's private utilities to sell them the power they would distribute. But these organizers were the quintessence of the conservative, rural farmer. They were independent in every way, in politics, in economics, in character. When the programs were on their feet, when these men felt that they could stand without the props of the government and the utilities, they began to consider making the co-ops independent of those groups, to make them, in fact, free enterprises. Much of this feeling began to be expressed in the early Fifties when REA and the local co-ops became the objects of conservative fingerpointing by those who found socialists and communists under every bush. To them, co-ops were the seed that would grow into something anti-American. It is difficult to tell whether these local co-op organizers were reacting to this national wave of insecurity, but by the mid-Fifties, they were looking to become free of all constraints. For the next three decades they would do what was necessary (everything from removing "REA" from the co-op buildings to generating their own power) in order to achieve independence from the federal government, from state regulations, and, most of all, from the private utilities. The enemy became anyone who opposed them; and anyone who opposed them became the

subverters of free enterprise, the ones who would end competition, the ones who were un-American. The pursuit of independence became a crusade. By the late Sixties, it looked like the crusade would succeed, but within ten years, it was apparent that it could not. Their power system, so they found, could not operate independently of private power and keep prices reasonable. It also became apparent that consumers wanted their utilities (whether they owned them or not) to be regulated by the state, and, lastly, taking "REA" off the buildings did not automatically make the co-ops independent of that group. Washington was still there, and is still very much a part of the system.

The quest for independence was definitely a failure, but the program was not--by any means. Rural Louisiana has lights today because of the co-ops, because of those men who first took the responsibility, and they will have lights in the future because of the co-ops.

This work is divided into three parts. The third part deals with these statewide groups from their inception in 1950 until 1983. The second part is a history of the formation, growth, and development of each of the thirteen co-ops in the state from their beginnings to 1983. The first part deals with the national program from the early dreams of rural electrification, to the realization of those dreams, to 1983.

## ABSTRACT

The Rural Electrification Administration was created by Franklin D. Roosevelt in 1936. There were attempts at rural electrification prior to that date, but FDR's program, as part of the New Deal, was the beginning of the modern system. The REA was put into operation by Morris L. Cooke, and expanded by John Carmody and Harry Slattery through 1944. The Fifties ushered in a conservative presidential administration that opposed organizations such as co-ops, and, consequently, funds were cut. But on the local level, co-ops continued to grow. The Sixties brought with it financial cooperation from Washington, and many co-ops around the country found that there was enough money available to begin generating their own power.

In Louisiana, the REA came not as a government organization, but as a generous banker--a lender of low interest money. The co-ops began in Louisiana in late 1937 at Teche Electric, and developed to a total of thirteen individual groups through the late Forties.

During the War, the thirteen co-ops in the state organized a statewide association, the purpose of which was to lobby and to promote the idea of rural electrification

In the early Fifties they founded a newspaper and threatened to generate their own power in the face of excessive fuel costs from the private power companies in the state. In 1962, prices again rose and the state's co-op leaders, through their statewide organization, began a serious move to generate their own power. After a hard-fought struggle, a loan was finally approved in 1964. But it was not until four years later, after extensive compromise with the private utilities, that the money was finally granted for the construction of the first plant. It was also at this time that the group fought battles over right-of-way regulation and Public Service Commission regulation.

Between the completion of the first plant in 1972 and today (1983) Cajun Electric has completed three other plants, all coal.

## CHAPTER 1

### VISIONARIES; GIFFORD PINCHOT TO MORRIS L. COOKE

Today, through the REA, nearly every rural American who wants electricity can get it; nearly all the loans granted to REA have been paid on time; and now generation and transmission plants and a new loan system have made the program nearly self-sufficient. The result has been a marked uplifting of rural life and important changes in agriculture and in demography. The Rural Electrification Administration has helped give rural America a new look.

The founding and development of the program is often referred to as a movement. It could not be more aptly described. Financial gain did not motivate the movement's leaders. On every level of the program--federal, state and local--men and women worked tirelessly, often without pay, to make this program work, and work it did. The story of the movement is the story of its leaders.

Many of these leaders became involved because of a personal incident that forced them to realize how badly rural Americans needed electricity and what wretched treatment they were receiving from the private utility companies. Reflecting on the early days of the REA, Clyde T. Ellis, a

leader in the movement, states: "I am convinced the treatment which the power companies handed out to so many people has been one of the prime reasons the rural electrification program has had so many great leaders."<sup>1</sup> In a now famous incident, Franklin D. Roosevelt experienced just such treatment. Roosevelt traveled to Warm Springs, Georgia, in 1924, to seek a miracle cure for his crippled legs. The electric bill for his "little cottage," as he called it, was eighteen cents per kilowatt hour, "about four times what I pay at Hyde Park." He saw the incident as the beginning of REA: "That started my long study of public utility charges for electric current and the whole subject of getting electricity into the farm home. . . ." So, it was, he continued, "that a little cottage in Warm Springs, Georgia, was the birthplace of the Rural Electrification."<sup>2</sup>

FDR was the present-day movement's founding leader. He brought to realization the hopes and plans of a few dreamers. Through his power and leadership a solvent social program developed that uplifted the lives of millions during his twelve years in office.

Rural America needed federal assistance for electricity, but in the South there was a need for focused attention, as FDR had recognized at Warm Springs in 1924. By 1938, two

<sup>1</sup> Clyde T. Ellis, A Giant Step (New York, Vintage Books, 1966), 29.

<sup>2</sup> Ibid., 34.



years after the REA was underway, he expressed his thoughts on the economic situation in the South: "It is my conviction that the South presents right now the number one economic problem--the nation's problem, not just the South's. For we have economic imbalance in the nation as a whole due to the very condition of the South."<sup>3</sup> Rural electrification, FDR hoped, would at least partially bridge the gap between urban and rural dwellers, but also between what was quickly becoming the urban North and the rural South.

FDR's affection for the South came from other than his love for the area. The South's political leaders supported him wholeheartedly. At the 1928 convention, a poll of southern delegates revealed that every southern state, except Arkansas, had supported his nomination. By 1932, he had the support of every southern delegation except two that had supported favorite sons.<sup>4</sup> As an important factor in FDR's victory, the South could look forward to assistance from the new president--a New Deal.

It is difficult to imagine the conservative, plebian South taking to its heart this Duchess County, New York patrician, but it did. Throughout the Twenties the South

<sup>3</sup> "A Message to the Conference on Economic Conditions of the South," The Public Papers and Addresses of Franklin D. Roosevelt (13 vols., New York, Random House, 1941), VII, 421.

<sup>4</sup> George B. Tindall, The Emergence of the New South, 1913-1945 (Baton Rouge, Louisiana State University Press, 1967), 387.

had supported its favorite Democratic son, William Gibbs McAdoo, the heir-apparent to Wilsonianism. In 1928, Texas, Florida, and the border states, unable to accept Al Smith, the wet, New York Catholic, defected and voted for Herbert Hoover. But by 1932, FDR was able to stitch together the wet-dry, urban-rural, North-South split that had plagued the Democrats since the end of Wilson's presidency. The mending was easy; the Depression monster loomed larger than those petty squabbles of the past decade. The South was at the end of its economic rope and easy pickings for a political ally. It would get behind FDR. Six years after his election he would boast: ". . . let us rejoice and take pride in the undoubted fact that in [the] past six years the South has made greater economic and social progress up the scale than any other period in her long history."<sup>5</sup> The REA had played a large part in this progress.

It was the South that was to benefit most from the REA and other New Deal legislation. It needed help desperately. In fact, even before the 1929 crash, the section was so economically destitute that the effects of the Depression were barely visible. Despair was only added to abjection. The one-crop system and farm tenancy had already prostrated the section. And with no real tax base, local and state assistance was either inadequate or non-existent.

In 1929, the average American made \$703 per year. But

<sup>5</sup> The Public Papers and Addresses of Franklin D. Roosevelt, VII, 100.

in the South, the average was about half that--and this at the end of the so-called boom decade of the Twenties.<sup>6</sup> In Louisiana at that time, the average income was a lean \$415.<sup>7</sup> But it was the rural income in the South that was the most revealing. The average southern farmer in 1929 made only \$183 a year.<sup>8</sup> Difficult as it is to imagine, the situation worsened as the Depression deepened. In 1932, the farm income fell to thirty-nine percent of the 1929 level.<sup>9</sup> The Louisiana average was a measly \$239.<sup>10</sup> Certainly, despair had been added to abjection.

There were, of course, reasons for the poverty. In 1927, cotton had reached a high of twenty cents. Five years later, the price at New Orleans had plummeted to 5.6 cents, the lowest since 1894.<sup>11</sup> Louisiana's sugar prices

<sup>6</sup> Paul Mertz, New Deal Policy and Southern Rural Poverty (Baton Rouge, Louisiana State University Press, 1978), 3; Charles F. Schwartz and Robert E. Graham, Jr., ed. Personal Income by States Since 1929: A Supplement to the Survey of Current Business (Washington, USGPO, 1956), 142-143; Calvin B. Hoover and B. U. Ratchford, Economic Resources and Politics of the South (New York, MacMillan, 1951), 50.

<sup>7</sup> Hoover and Ratchford, Economic Resources, 50.

<sup>8</sup> Mertz, New Deal Policy, 3. The per capita income ranged from a low of \$129 in South Carolina to \$419 in Florida. Ibid., 3.

<sup>9</sup> Hoover and Ratchford, Economic Resources, 53. In the agricultural non-South, income fell to 33 percent of the 1929 level. Ibid., 3.

<sup>10</sup> Schwartz and Graham, Personal Income by States, 142.

<sup>11</sup> U.S. Bureau of Census, Historical Statistics of the United States (Washington, USGPO, 1975), 517.

dropped below three cents in 1930 from a post-war high of \$8.50 per ton.<sup>12</sup> Tobacco farmers suffered similar thrashings.<sup>13</sup> The combinations of bad weather, overproduction, crop disease, and the general state of the national economy sent prices to the rock bottom. Diversification was unheard of. Southern farmers had put all their eggs in one basket, and the bottom had fallen out. There was nothing to fall back on.

The most poverty-stricken groups in the South were the agricultural workers: the tenant farmers, sharecroppers, and farm laborers. At the beginning of the Depression, 55.5 percent of southern farms were operated by tenants, 1.8 million of the 3.4 million farmers in the South--one out of every four southerners.<sup>14</sup>

Nearly half of all southern tenants were sharecroppers, the lowest rung on the ladder. They subsisted by farming small plots of their landlord's property. They were paid at the end of the season with a portion of the crop they had raised. The landlord normally supplied the house and mule, but often fertilizer and even some hand tools. The landlord's

<sup>12</sup> Joseph Stitterson, Sugar Country: The Cane Sugar Industry in the South, 1753-1950 (Lexington, Kentucky, University of Kentucky Press, 1953), 353.

<sup>13</sup> Joseph C. Robert, The Story of Tobacco in America (Chapel Hill, University of North Carolina Press, 1967), 207.

<sup>14</sup> Bureau of the Census, Historical Census, 278; Tindall, Emergence of the New South, 409.

role was also to pay in advance for the projected crop, which was, of course, deducted from the tenants' share. The cropper's only contribution was his and his family's labor. The scheme had a wealth of disadvantages. James Agee, a unique observer of the sharecropper system in the mid-Thirties, reported on its unreliability:

It can be enough to tide through the dead months of the winter, sometimes even better: it can be enough to spread very thin, to take through two months, and a sickness, or six weeks, or a month: it can be little enough to be completely meaningless: it can be nothing: it can be enough less than nothing to insure a tenant only an equally hapless lack in the way of good luck, there is never any reason to hope that that luck will be repeated in the next year or the year after that.<sup>15</sup>

If the cropper did not make enough to tide him over he could look for an outside job--a scarce commodity in the Depression years. Failing that, he could draw on a line of credit with the local merchants. Indebtedness was the cropper's way of life.

The southern farmer in the Thirties had very few conveniences. Most of his work was done by hand, with the aid of only a few simple tools and a mule. The work was hard and the land was poor. In some parts of the South the soil is good, but most areas have poor to medium grade soils, kept fertile and protected against erosion only through considerable effort. The practice of growing row crops in a

<sup>15</sup> James Agee, and Walker Evans, Let Us Now Praise Famous Men (New York, Ballantine Books, 1976; first published, 1939), 107.

rainy climate leaves the ground unprotected in winter, and most southern soil is sandy and leaches easily. By the Thirties, the result was that the top soil had been washed away from millions of acres of southern farm land. Compared to the Midwest, the South had only one-third as much first quality land. By 1934, sixty-three percent of the land in the South had lost twenty-five percent or more of its top-soil, compared to a loss in the Midwest of only forty-five percent.<sup>16</sup> The whole area had suffered a tremendous amount of erosion. "I was utterly amazed and appalled at the red gashed hillsides," wrote FDR's Secretary of Agriculture, Henry Wallace. "It was a situation that was almost unbelievable."<sup>17</sup>

The one-crop economic system, farm tenancy, and poor land provided a tax base that was not large enough to allow state and local governments to give any real assistance to the downtrodden southern farmer. Worse, southern politicians often steered their states into an economic policy of retrenchment; what little money that came in was sparingly spent. It was often an unstated policy that the poor were not thought to be worthy of assistance: they were lazy, unable to cope with the system, unable to lift themselves up, worthless, shiftless.<sup>18</sup>

<sup>16</sup> Hoover and Ratchford, Economic Resources, 5.

<sup>17</sup> Frank Freidel, FDR and the South (Baton Rouge, Louisiana State University, 1965), 8.

<sup>18</sup> Ibid., 15, 39, 57, 64-65.

Whatever the cause of the rural South's economic debility, the region's hopes rested in electricity which would bring new life, convenience and facility to rural life in the South. FDR recognized this in Warm Springs in the mid-Twenties. But the idea for a government agency to advance rural electrification was first conceived near the turn of the century. Visionaries such as Gifford Pinchot had then concluded that there was a direct connection between electricity and prosperity. A few had even contemplated electric cooperatives. Some early fights to establish them were won, some were lost. Some succeeded, some did not. But all attempts laid a foundation that the REA was able to build upon--and upon that foundation a firm institution was built.

Rural electrification had its beginnings in the Northwest, not the South. In 1909, Puget Sound Power and Light Company began to distribute power to a few rural residents near Seattle. Five years later, near Granite Falls, Minnesota, the nation's first rural electric co-op was formed.<sup>19</sup> In 1919, eight co-ops were set up around Webster, Iowa, and by 1923, there were thirty-one co-ops in nine states.<sup>20</sup>

<sup>19</sup> Fredrick William Muller, Public Rural Electrification (Washington, USGPO, 1944), 15. Some rural electrification did exist prior to 1909, but it was mostly confined to irrigation and not residential or farm areas. Mark Cordell Stauter, "The Rural Electrification Administration, 1935-1945, A New Deal Case Study" (unpublished Ph.D. dissertation, Duke University, 1973), 4; Jerry Voorhis, American Cooperatives (New York, 1961), 56.

<sup>20</sup> Harry Slattery, America Lights Up (Washington,

It was not a heralded beginning, but it was a beginning.

The rest of the western world outside the U.S. had, by the mid-Twenties, made a more positive step toward providing electricity to rural areas. Rural Sweden was fifty percent electrified; France, seventy-one percent; Finland, forty percent; Denmark, fifty percent; and in Czechoslovakia, seventy percent of the farms had received electricity.<sup>21</sup> The European countries obviously felt more of a social responsibility to extend electricity to their rural areas than America did at that time. By as late as 1935, when REA was just getting under way, only one in ten rural Americans had electricity and most of those lived on the urban fringe. The 1920 census listed six and one half million farms in America. Only 552,620 had electric lights. Only 643,899 had running water.<sup>22</sup>

If the market was there, why was rural America denied electricity? Why could not, or would not, the private utilities run lines to America's farms? Private power companies often received the brunt of criticism in this

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National Home Library Foundation, 1940), 7; Ellis, Giant Step, 33.

<sup>21</sup> D. Clayton Brown, Electricity for Rural America: The Fight for the REA (Westport, Connecticut, Greenwood Press, 1980), 16.

<sup>22</sup> The census reported 6,448,343 farms in 1920. Department of Commerce, Bureau of Census, Fourteenth Census of the United States: 1920. Farm Population of the United States (Washington, D.C., USGPO, 1926), 183; ibid., Agriculture (Washington, USGPO, 1922), V, 512.



period for not providing electricity to rural areas. Their inability to do so was usually attributed to greed and social irresponsibility. Of course, their costs were high, from \$2,000 to \$5,000 per mile.<sup>23</sup> But it was the desire for big profits that kept the private companies in the cities and out of the rural market.

The free market simply could not accomplish rural electrification. The profits did not exist for the companies, and until there were profits they would have no incentive to supply power to the countryside. Farmers used only small amounts of power for the first years of service, making for low revenue to offset a large capital investment. A comparable investment in urban lines would bring five times the profit. After the first few years of service, farmers would usually buy enough appliances and use enough electricity to make the investment worthwhile, but the elapsed time did not produce a quick return. In the Depression South, where even less electricity was used,

<sup>23</sup> It is difficult to show that the private companies thought that costs were this high. Clyde Ellis cites the above figures. Ellis, *Giant Step*, 33. See, also, Deward Clayton Brown, "Rural Electrification in the South, 1920-1955" (unpublished Ph.D. dissertation, UCLA, 1971), 95; Marquis Childs, *The Farmer Takes a Hand* (Garden City, New York, Doubleday, 1953), 49-50. For another opinion on the social responsibility of the private companies, and their various attempts at rural electrification see Edward Venard, *The Deviation of REA* (Washington, n.p., n.d.), *passim*. This work is published by the Edison Electric Institute, a lobby group for private utility companies.

the return was even slower and the risk greater.<sup>24</sup>

The private companies did make some early efforts, even if the motive never went beyond immediate profits. That farmers were traditionally conservative consumers of electricity kept them from getting power from the private companies. The Depression kept farmers from buying the appliances that would use enough power to make it worthwhile for the private companies to service their area. Farmers, the companies felt, would use little power because of high rates, and, of course, they had high rates because they used little power. To make service profitable in the average rural area of between two and five houses per mile, the companies demanded about \$2,000 per mile. They usually demanded, in addition, between \$500 and \$1,000 per farmer as a deposit, and charged between nine and ten cents per kilowatt hour. In the city the price was as low as four cents.<sup>25</sup> But to most farmers, even the option of electricity was not there; the private companies were just not interested in the rural American market.<sup>26</sup>

There was one exception. In 1922 the National Electric

<sup>25</sup> H. S. Person, "The Rural Electrification Administration in Perspective," Agricultural History XXIV (April, 1950), 77. Person was the consulting economist to the REA in the Fifties. See, also, Brown, Electricity for Rural America, 4.

<sup>26</sup> For another opinion, see Venard, Deviation of REA, passim.

Light Association,<sup>27</sup> together with the American Farm Bureau Federation, the National Grange, and other groups representing rural America, met in Chicago to look at the possibilities of rural electrification. The meeting was led by Grover C. Neff, the President of Wisconsin Power and Light, an early leader in rural electrification in that part of the country. The meeting created the Committee on the Relation of Electricity to Agriculture which was officially established in September, 1923. By the mid-Thirties, CREA committees had been established in twenty-seven states.<sup>28</sup>

CREA had little success in bringing electricity to rural America; it could not solve the problem of high expense. It was still impossible for the farmer to pay for construction of lines, and that was CREA's only solution to the problem of rural electrification. As always, the private companies assumed no public responsibility. Either the extension of electricity to rural areas would be profitable, or there would be none. It had become increasingly evident that rural electrification would not occur if left in the hands of private utilities. By 1930, only 9.5 percent of America's farms had received central station service.<sup>29</sup> Out of frustration, the American Farm Bureau

<sup>27</sup> The National Electric Light Association became Edison Electric Institute in 1933.

<sup>28</sup> Slattery, America Lights Up, 15-17; Venard, Deviation of REA, 9.

<sup>29</sup> Electrical World stated in 1935 that 10.4% of

and the National Grange withdrew from the organization in 1934. A year later, the Departments of Agriculture, Commerce, and Interior also withdrew. In 1939, in the face of REA's humiliating success at achieving CREA's objectives, CREA accepted failure and disbanded without a whimper.<sup>30</sup>

The path of rural electrification divided in the Twenties. One path led to what proved to be the dead end of private power and CREA. The other, moving slowly at first, led ultimately to REA and to the success of rural electrification. America followed that path led by men who saw the need for electricity in the rural areas, who saw it as the responsibility of the federal government to aid in the fulfillment of that need: men such as Gifford Pinchot, Morris L. Cooke, and George Norris. But the real credit goes to the men who made the visionaries' ideas work, the men who set up the co-ops on the local level, found the subscribers, and ran the lines. They all chose the second path, and they all made REA a success.

The first great leader of the rural electrification movement was Gifford Pinchot. From him all else grew. As

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America's farms were electrified in 1930. Electrical World 105 (January 5, 1935), 45. The census reported 13.4% for the same year. Department of Commerce, Bureau of Census, Fifteenth Census of the United States: 1930. Agriculture (Washington, USGPO, 1932), 56. D. Clayton Brown cites 9.5% for rural customers receiving central station service as opposed to other systems such as home generation. Brown, Electricity for Rural America, 10.

<sup>30</sup> Slattery, America Lights Up, 21.

Morris Llewelyn Cooke, the first REA administrator, put it, "the shadow of the Great Forester was looming o'er the land."<sup>31</sup> He meant, of course, that Pinchot was about to marshal his strength behind rural electrification.

Pinchot served as governor of Pennsylvania from 1923 to 1927, and again from 1931 to 1935. In his first year as governor he appointed the young Morris L. Cooke to head his Giant Power Survey. The Survey looked at the feasibility of rural electrification and set up guidelines for its administration. The plan was to cancel private company charters in unserved areas and set up local co-ops there. The co-ops could borrow money, finance construction, and distribute electricity. The Giant Power Board was to have authority over all electrical power in Pennsylvania, not unlike public service commissions today. But the proposal, plagued by the politically conservative Twenties, was defeated in the Pennsylvania legislature. Despite its defeat, the plan received widespread attention and became the basis for the REA a few years later.<sup>32</sup>

Probably the most important outcome of the survey was that rural power was shown to be financially feasible;

<sup>31</sup> Morris Llewellyn Cooke, "The Early Days of the Rural Electrification Idea," American Political Science Review XIII (June, 1948), 438.

<sup>32</sup> M. L. Cooke and Judson C. Dickerson, Report of the Giant Power Survey Board to the General Assembly of the Commonwealth of Pennsylvania (Harrisburg, Pennsylvania, Telegraph Printing Co., 1925), passim.

farmers were greater potential users of electricity than city dwellers, and as long as there were at least three farms per mile, rural service could be self-supporting.<sup>33</sup>

The Giant Power Survey was published in 1925 as a proposal to the people of Pennsylvania and their legislators. Cooke compiled it and Pinchot wrote the introduction. Several of Pinchot's comments looked to the future: rural electrification was to bring "cheaper and better electric service to all those who have it now, and to bring good and cheap electric service to those who are still without it. It is a plan by which most of the drudgery of human life can be taken from the shoulders of men and women who toil, and replaced by the power of electricity."<sup>34</sup> He added a prediction: "I venture to say that if the United States ever turn to the nation-wide public ownership of electric utilities, it will be because the companies have driven them to it."<sup>35</sup>

From Pinchot, the lineage leads directly to the New Deal. In 1931, FDR, as governor of New York, set up the Power Authority of the State of New York. He chose as his chief assistant, Morris L. Cooke. The story of Morris L. Cooke is the story of the early years of REA. Cooke began his distinguished career in 1911 as Philadelphia's Director of Public Works. From that position he defeated the Philadelphia Electric Company in 1915 in a rate battle

<sup>35</sup> Ibid., x.

and won. The victory forced Philadelphia's utility bills down. But more importantly, the victory established the precedent of public control over private monopolies.<sup>36</sup>

After FDR's innauguration in 1933, Cooke headed the Mississippi Valley Committee, George Norris's plan for a Mississippi Valley Authority similar to the Tennessee Valley Authority. He also worked as a consultant for the Public Works Administration. This position put Cooke close to FDR for whom he acted as the President's advisor on power matters.<sup>37</sup>

Cooke suggested to Harold Ickes, head of the PWA, that a commission be set up to study the problem of rural electrification. Cooke wanted to work with the private utilities, lending them money to serve the rural areas. The government would then act as a giant regulatory agency, keeping the utilities in line. Cooke's "old progressive" ideology was showing through here. A Republican weaned on the liberal progressivism of the Republican Roosevelt, his aim was a private-public coalition. Harold Ickes, a "new Progressive," would have nothing to do with such a plan. He promptly told Cooke to put aside his idealism. "I honestly thought we could work out something with the private people," Cooke later told his biographer, "but

<sup>36</sup> Kenneth Trombley, The Life and Times of a Happy Liberal, Morris Llewellyn Cooke (New York, Harper and Brothers, 1954), 43-44.

<sup>37</sup> Ibid., 112-120.

[Ickes] said it was a waste of time." Cooke, though, could compromise to achieve his goal. When he asked Ickes if he might consider a plan for rural electrification excluding the private utilities, Ickes responded: "Shoot."<sup>38</sup>

The Executive Order creating the REA was issued by the President on May 3, 1935.<sup>39</sup> That same day Cooke wrote to Roosevelt: "This is to advise you that the rural electrification unit is a going concern." Cooke wasted no time. The REA was officially in existence on May 11, eight days later. FDR commented at a press conference that Cooke had things going even before the Executive Order was signed.<sup>40</sup> The President was delighted with the plan and looked to the future with hope: "We are going to see, I believe, with our own eyes, electricity and power made so cheap that they will become a standard article of use, not only for agriculture and manufacturing, but also for every home within reach of an electric line."<sup>41</sup>

Cooke told reporters that there were four ways to distribute the \$100 million he had at his disposal: 1) aid private utilities, 2) depend on municipal power groups, 3) assist co-ops, and, as a last resort, 4) build and

<sup>38</sup> Ibid., 144-145.

<sup>39</sup> Executive Order 7037.

<sup>40</sup> Complete Presidential Press Conferences of Franklin D. Roosevelt (12 volumes, New York, DaCapo Press, 1972), V, #269.

<sup>41</sup> Ellis, Giant Step, 38.



operate plants and lines.<sup>42</sup> Although he had succeeded in selling Ickes on the program by promising that the private companies would be left out of the deal, he still groped for the "old progressive" coalition of public and private interests. On May 19, he told the New York Times: ". . . the program is intended to . . . aid the farmers and the utilities. . . . [no] greater opportunity has ever been presented to private industry in recent years."<sup>43</sup> But the private companies, the only potential borrowers, would not be interested.

On May 20, 1935, the executives from the largest commercial utilities met with Cooke in Washington to survey the new situation. The companies reported to Cooke in a fourteen-page letter whose tone would set the stage for years to come. The report stated that "there are few farms requiring electricity for major farm operations that are not now served," and that "additional rural customers must largely be those who use electricity for household purposes." But the companies would cooperate only under the right conditions: Cooke was to hand over his \$100 million to which they would add \$13.5 million. With this money, the companies would agree to connect 351 consumers. The federal government would then lend \$125 million to these new customers for

<sup>42</sup> New York Times, May 14, 1935.

<sup>43</sup> Ibid., May 19, 1935.

wiring and appliances.<sup>44</sup> An REA official's later comment on this letter was certainly a mammoth understatement: It was "not met by enthusiastic response on the part of REA."<sup>45</sup>

In November, 1935, in Kansas City, Cooke looked to the second option: he met with 152 representatives from municipally owned companies. The result was not much better than the outcome of the Washington meeting. The municipals had no concern for the farmer and feared higher rates in the cities if they connected the rural areas.<sup>46</sup> Most were less interested than the private companies. Cooke felt he had only one viable option left. By December, he had decided on the co-op system.<sup>47</sup>

The private utilities were not without their reasons for snubbing Cooke and the REA. They saw the concept as new and uncharted. Also, they expected the New Deal to be overthrown quickly and they wanted to avoid boarding a sinking ship. Furthermore, the utilities expected soon to fight the federal program in the courts--where its inevitable demise would probably come. They could hardly be

<sup>44</sup> Person, "Perspectives," 73; New York Times, August 1, 1935; Rural Electrification News 1 (September, 1935), 18.

<sup>45</sup> Person, "REA in Perspective," 74.

<sup>46</sup> Cooke, "Early Days," 446; Trombley, Life and Times, 149; Brown, Electricity for Rural America, 52.

<sup>47</sup> Trombley, Life and Times, 147; Childs, Farmer Takes a Hand, 57; Slattery, America Lights Up, 109.

recipients of the program's money while trying to make a case that it was unconstitutional. Besides, if the whole New Deal program did not fail, they thought, certainly REA would, and any construction that it completed would be taken over by the private companies.<sup>48</sup> Twenty years later they would still be hoping to take over the nation's co-op system.

But it was the issue of area coverage that really turned the private companies away. Area coverage means simply that all who want electricity in a given area should have it. Not only were the profit-making consumers to be served, but also poor farmers--the tenants and sharecroppers of the South who stood to gain the most from electricity, the ones least capable of paying. But while area coverage was the nemesis of the private companies, it was the obsession of Morris Cooke: ". . . in the past the electric industry has skimmed the cream and left the milk. Today it must take the milk with the cream. . . ."<sup>49</sup> He would stand by his word.

By December, 1935, Cooke had given up all the options except co-ops. The die had been cast by default. In REA's first annual report he stated that it has become "apparent that the industry was not going to use even a substantial portion of the funds available for rural electrification,

<sup>48</sup> Muller, Public Rural Electrification, 22.

<sup>49</sup> Electrical World 105 (July 6, 1935), 29-31.

and farm organizations of a cooperative nature [have] forged to the front as the principal borrowers under the REA program."<sup>50</sup> REA began setting up co-ops and supporting those already operating. One reason Cooke shrank from co-ops at first was that he felt they would be difficult and slow to form. But the co-op way was familiar to farmers, and they wanted electricity. Under REA's direction, co-ops slowly began to organize. But despite REA's direction and the huge demand, the program lagged behind other New Deal programs. Norris, FDR, and Ickes were dissatisfied with the progress of REA by the end of 1935, and pushed Cooke for a more aggressive attitude.<sup>51</sup> Cooke, in a radio speech, expressed his anxiety at the program's lack of an explosive New Deal-like character: "Farmers have not seen the way clear to overcome the obstacle presented by the necessity of an organization for financing, promoting, construction, and operation. One doesn't go into a retail store and buy a package of electricity. . . ."<sup>52</sup> Changing legislation into electricity, it turned out, was not an easy matter.

By October, 1935, Cooke wanted REA to be made a permanent agency. Norris agreed, and in January, 1936, he introduced a bill in the Senate to achieve that end. Sam

<sup>50</sup> Rural Electrification Administration, First Annual Report (Washington, USGPO, 1936), 5.

<sup>51</sup> Person, "REA in Perspective," 74.

<sup>52</sup> Ibid., 76.

Rayburn of Texas sponsored the bill in the House; it thus became the Norris-Rayburn Bill. In April, Rayburn silently slipped the bill through the House on a voice vote, but in the Senate there was pandemonium. Norris would not accept a House amendment to end REA money to private companies. "The big power systems," he said, "which have been holding up rural electrification ever since they had a grip on the country are in no position now to come to the government of the United States and ask it to loan them money."<sup>53</sup> The discussion became deadlocked, and Norris walked out. John Rankin of Mississippi, Norris's chief ally and one of the most important supporters of REA, finally coaxed him back. A compromise was reached. Loans would be made to power companies, but co-ops would receive preference.<sup>54</sup>

The bill established REA as a permanent agency. Loans would be repaid over twenty-five years, with interest rates set to the federal government's long-term securities. Norris wanted a one-billion-dollar appropriation over a ten-year period, but he had to settle for less than half that. A provision was included to channel the money into the less electrified areas of the country, particularly the South. FDR signed the bill on May 20, 1936. Cooke was

<sup>53</sup> Congressional Record, 74th Congress, 2d session (February 26, 1936), 2826.

<sup>54</sup> Ibid., 5273-5318; See also, George W. Norris, Fighting Liberal: The Autobiography of George W. Norris (New York, Macmillan, 1945), 321-323.

named to head the "new" REA, and the bill went into effect on July 1, 1936.<sup>55</sup> The REA was here to stay.

The story of the early years of the REA is therefore the story of Morris Cooke. He bridged the gap of rural electrification from the dreams of Gifford Pinchot to the reality of a permanent institution. But Cooke was an innovator, an idea-man, not an administrator--and he knew it. After he had done his job of setting up the program he felt it was time to bow out. He twice tried to resign in 1936, but FDR would not accept his resignation. Finally, in 1937, he simply quit. "The thing has become routine," he told a friend, "and you know how I feel about that. I feel the challenge is gone. Now it will be so much shuffling of papers. . . ."<sup>56</sup> Cooke saw the REA as his greatest achievement. He can rightly be called the father of rural electrification.

<sup>55</sup> Congressional Record, 74th Congress, 2d session (May 21, 1936), 7675; New York Times, May 22, 1936.

<sup>56</sup> Trombley, Life and Times, 173.

## CHAPTER 2

### DOERS; THE REA UNDER CARMODY AND SLATTERY

From 1937 to 1944 nearly one and a quarter million Americans received electric service from REA co-ops.<sup>1</sup> During the terms of John Carmody and Harry Slattery, the REA administrators during these years, American farmers finally achieved rural electrification. The farmers organized, loans were granted, lines were run, and kerosene lanterns were put away as the lights came on. The private companies rallied in opposition, putting up some of their biggest fights. World War II nearly halted REA growth, but the post-war years would see a boom that would make up for lost time. These were the flowering days of REA, and there was a brightness in the rural American sky.

When REA began in 1935, the new office was flooded with requests from rural Americans: "How can I get electricity?" Many organized and applied for loans even before procedures for doing so were established. The method of organizing varied from place to place. Usually co-ops had

<sup>1</sup> United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1950 (Washington, USGPO, 1951), viii. In 1937, the number of consumers connected was 255,961. By 1944, 1,484,417 had been connected.

their beginnings where farmers met: churches, courthouses, meeting halls. A few local leaders would start the ball rolling with the assistance of a county agent. Although these local leaders were usually farmers, it was not uncommon for local businessmen to be a part of the initial effort. They were often the same men who served on the local farm bureau, or the soil conservation committee, or the school board--they were the community's most active members, the accepted leaders. These men (they usually became the board of directors once the cooperative was set up) went from house to house signing up members--getting pledges of interest and collecting membership fees. They became the real heroes of the co-op movement. They did the hard work, and asked nothing in return.

The membership fee was usually \$5.00. In the South, the fee came hard to tenant farmers and was often paid by the local leaders to boost membership and make organization possible. Near New Roads, Louisiana, one organizer found that only one of twenty-five families in his area was able to afford the fee.<sup>2</sup> Either the fee was paid for them, or they were allowed to pay when they could. Only three customers per mile at \$1.00 per month had to be guaranteed to make the program work. It cost, then, \$10.00 to wire the house, which could be paid with an initial \$1.00 down

<sup>2</sup> Interview with A. A. Robinson, New Roads, Louisiana, September 11, 1980.



payment. This gave a family two or three bulbs. Other down payments could be made for appliances. For some there was the "Arkansas Plan": twenty cents down and ten cents per month to eventually pay off the membership fee. And all of this could be paid "in kind" by working on the co-op crews.<sup>3</sup>

Once the corporation was set up, enough members signed on, and a source of electricity found, an application was made to REA in Washington. But getting the plan accepted was not always easy. It had to show promise of success. Harry Slattery, the REA administrator from 1937 to 1944, wrote that the plan "must be approved by our engineers. It is not a matter for novices."<sup>4</sup> But once the application was accepted and the loan made, work could begin. And again, it was the board of directors--the local leaders--who organized, supervised, and often participated in, construction of the lines.

In Washington, the connection was usually the Congressional Representative, or even the Senator. He might help or he might not, depending on his sympathies toward the program. But in the Thirties assistance was usually forthcoming; the New Deal bandwagon was in high gear, and

<sup>3</sup> Deward Clayton Brown, "Rural Electrification in the South, 1920-1955" (unpublished Ph.D. dissertation, UCLA, 1971), 175.

<sup>4</sup> Harry Slattery, Rural America Lights Up (Washington, National Home Library Foundation, 1940), 58.

assistance to a local co-op allowed a Congressman to receive a good deal of credit (and votes) for bringing the miracle of electricity home to the farmers. It made him a man of the people; it made him electable. This factor may have done as much to boost rural electrification as anything else.

If an area could not generate enough interest, REA might send in what was called the "REA circus," a demonstration caravan complete with big top. On display was every manner of electrical equipment that could aid the farmer's tasks: grinders, hoists, pumps, heaters, refrigerators. But the emphasis was usually on home appliances. The display was invariably a regional hit--and a successful sales pitch for the program.

"I just turned on the light and kept looking at Paw. It was the first time I'd ever really seen him after dark."<sup>5</sup> It is hard for those of us who have never lived without electricity to understand what it was like to turn on lights for the first time. "I'll never forget that day," one farmer recalls of his youth, "it was late on a November afternoon just before dark. All we had was wires hanging down from the ceiling in every room, with bare bulbs on the end. Dad turned on the one in the kitchen first, and he just stood there holding onto the pull-chain. He said to me, 'Carl,

<sup>5</sup> Clyde T. Ellis, A Giant Step (New York, Vintage Books, 1966), 59.

come here and hang onto this so I can turn on the light in the parlor.' I knew he didn't have to do that and I told him to stop holding it, that it would stay on. He finally let go, and then looked kind of foolish."<sup>6</sup> Flipping the switch in a newly serviced area for the first time excited local leaders and REA officials. They would often drive out to the area about to be energized just to witness the excitement of the event. The night's fascination and thrill were occasionally followed the next day by a symbolic funeral for the kerosene lamp.<sup>7</sup>

After lights, most farms acquired an iron, then a radio. It is difficult to measure what percent of energy was used for what function, but one author estimates that as much as ninety percent was at first used for household chores.<sup>8</sup> This was particularly true in the South, where planting, cultivating, and picking cotton depended only on tractors (or more commonly, mules) and hand labor. Ginning, the only process using electricity, was usually done at a community gin. There was no grinding, threshing, or refrigeration needed. The most popular household convenience was indoor plumbing, but it was expensive and often had to wait

<sup>6</sup> Ibid., 58-59.

<sup>7</sup> Interview with E. E. Taylor, Farriday, Louisiana, December 14, 1981.

<sup>8</sup> D. Clayton Brown, Electricity for Rural America; The Fight for the REA (Westport, Conn., Greenwood Press), 116.

for better times. Many farmers were able to install plumbing with an individual REA loan.

Lights did more than let rural Americans see better at night. It protected their eyes, promoted cleanliness, prevented accidents, and had various psychological benefits. One REA official in Louisiana recalls that the first thing recipients did after receiving electricity was to paint the inside walls of their house--usually white.<sup>9</sup> Electricity also saved time. The TVA estimated that two to four working hours were added to the farmer's day. Inside the house, the time spent washing and ironing, a two-day job without electricity, was cut by as much as seven hours. In one recipient's calculations, the time spent on maintaining kerosene lamps and other lighting equipment alone totalled two days per year.<sup>10</sup>

Refrigeration ended the need for gardens, smokehouses, and cold storage, while it improved the farmer's diet. The southern diet was heavy on salted fatback, cornmeal, and molasses, products that required no refrigeration. The result was often pellagra, a chronic disease caused by a niacin deficiency and characterized by skin eruptions. This disease, along with hookworm and malaria, accounted in part for the reputation of southerners as shiftless, lazy people. But

<sup>9</sup> Interview with Mark Bonner, Baton Rouge, August 29, 1980.

<sup>10</sup> Brown, "Rural Electrification in the South," 2.

with refrigeration, farmers could keep a variety of foods on hand. Refrigeration also lessened the chance of food poisoning and staphylococcus.<sup>11</sup>

Of all the conveniences made possible by electricity, radio opened the most doors. The farmer could reach out and touch the rest of the world. He could listen to Edward R. Morrow from London, FDR from Washington, the commodity prices from Chicago, or the weather report from the local station. Through the miracle of radio, he was privileged to have the same information as other Americans. And if he wished he could tune in to Major Bowes, Fibber McGee and Molly, or listen to the "songbird of the South," Kate Smith, every Thursday night at eight--"Hello everybody." Through the radio, the American farmer was becoming a part of mainstream American life, where he belonged, and where he remained.<sup>12</sup>

The outhouse was a plague on rural life. When electricity came, the bathroom moved inside, and health conditions in the rural areas improved markedly. This was particularly true in the South where outdoor toilets were the cause of many health problems. Frequently the water supply would become contaminated, causing typhoid, dysentery,

<sup>11</sup> Rupert B. Vance, Human Geography of the South: A Study in Regional Resources and Cultural Adequacy (Chapel Hill, University of North Carolina Press, 1932), 437-438.

<sup>12</sup> Brown, Electricity for Rural America, 118.

and various other gastrointestinal disorders. Hookworm, a parasite causing anemia and loss of energy, inhabited the damp sandy soils of the South, but it most often infested the vicinity of outdoor toilets. Writes one observer of this illness, "Their skin is yellow, wrinkled and waxy; their hair, dry and lustreless; their eyes without color or sparkle; their expression, dull, stupid, and intensely melancholy."<sup>13</sup> In the South the disease became known as the "big lazy," or simply "the lazy sickness," and was, with pellagra, generally responsible for creating the stereotype of southern shiftlessness.<sup>14</sup> In 1924, the International Health Board reported that hookworm infection was most severe in rural white school children of the southern states.<sup>15</sup> There were attempts to halt hookworm, such as placing outdoor toilets on concrete slabs, but it was rural electrification, making indoor plumbing possible, that finally curbed the debilitating infection.

Once the farmers began using their newly acquired electricity, private companies began to see more profit in rural electrification than they had first thought possible. They were still not willing to accept area coverage, nor were they willing to bring prices down, but they wanted the new

<sup>13</sup> Vance, Human Geography of the South, 381.

<sup>14</sup> Ibid., 381.

<sup>15</sup> Ibid., 389.

lucrative rural market, and they would fight for it, fight to keep REA out.

The private companies complained that the low rate of interest that REA received was an unfair advantage. REA borrowed its money from the federal government at about three percent interest. The going rate in the open market in the mid-Thirties, the amount the companies had to pay for their money, was about four percent.<sup>16</sup> When REA was established, Congress' justification for lending money below the prime rate was that several handicaps were intrinsic to bringing electricity to rural areas. There was low consumer density, the customers were usually of low income and would not use much power, rural lines were more expensive to build than urban lines, and there were few large loads. The subsidization was intended to offset these disadvantages. The private companies screamed of unfair competition, and they screamed loudly through their lobby groups.

The first strong stand made by the private companies was against the Public Utility Holding Company Act of 1935.

<sup>16</sup> Between 1936 and 1940, REA paid an average interest rate of 2.81 percent. The private companies paid an average of 3.68 percent, a difference of .872 percent. National Rural Electric Cooperative Association, Rural Electric Fact Book (Washington, n.p., 1965), 99.

YEAR	REA INTEREST	UTILITY INTEREST
1936	3.00	3.88
1937	2.77	3.93
1938	2.88	3.87
1939	2.73	3.48
1940	2.69	3.25

The Wheeler-Rayburn Bill, as the act was most commonly known, was aimed at regulating the utilities by breaking up profit-draining holding companies. The bill passed despite strong lobbying attempts by the private companies, and was declared a victory by the trust-busting progressives in the administration. The defeat stung so badly that the utilities temporarily abandoned the Congressional fight.<sup>17</sup> The battle in Congress seemed over, a decisive defeat for the utilities, but they were not finished yet. The battle-ground simply moved to the countryside.

As co-ops began to form, the movement became more and more of a threat to the private companies. REA officials reported such unscrupulous activities as "spite lines"--the practice of running electrical line into an area simply to gain possession of it so that the co-ops could not build there. Often lists of the most lucrative rural areas were covertly passed to the private companies so that they could move into these areas ahead of the co-ops. Spite lines were often constructed out from urban areas in a pinwheel pattern along main roads in the lucrative outlying areas, leaving to the co-ops the poor isolated houses between the spokes. The result was that co-op formation was difficult or impossible. In some areas raging battles occurred where co-op workers and company construction crews literally raced into

<sup>17</sup> William E. Leuchtenburg, Franklin D. Roosevelt and the New Deal, 1932-1940. (New York, Harper and Row, 1963) 156-157.



areas. Other company tactics included sending men into rural areas to spread false rumors about the co-ops. Common stories were that their electricity would not be as "hot" as the electricity the company could provide or that if the co-op failed the farmers would be held financially liable, and that if the Republicans won in 1936, power would be cut off.<sup>18</sup> It was also not uncommon for the companies to refuse to sell electricity to the co-ops who were at that time totally dependent on outside sources of power. Often the prices charged by the companies were prohibitive--well above what the co-ops were capable of paying. Much of this activity, writes one past REA leader, caused the resentment and hard feelings that exist between the two groups even today.<sup>19</sup>

This sort of activity became worse as the REA program began to grow and threaten the potential expansion of the companies. But not all private company expansion into rural areas was spite lines. When it became apparent that there were profits in rural electrification, many companies entered the rural market in a significant way. With co-op competition spurring them on, they electrified a sizeable portion of rural America.<sup>20</sup>

<sup>18</sup> H. S. Person, "The Rural Electrification Administration in Perspective," Agricultural History XXIV (April, 1950), 78; Brown, "Rural Electrification in the South," 179.

<sup>19</sup> Ellis, Giant Step, 45.

<sup>20</sup> Edwin Vennard, The Deviation of REA (Washington, n.p., n.d.), 14-15.

If FDR was the REA's creator and preserver, and Cooke was the movement's father, then John Carmody was its motivating force--he was the man who made things happen. Never under Carmody's administration would there be difficulty in spending Congressional appropriations. He got the money to the farmers. He turned the money into electricity.

Carmody's beginning in rural electrification was as Cooke's right-hand man. When he took that position, Cooke told him that he would be the next administrator. So, it was no surprise when FDR nominated him to the post in February, 1937.<sup>21</sup> His administration lasted only two and one half years, but his impact was great. Where Cooke was short, Carmody was long. Carmody could deal with politicians, Cooke could not. He was an administrator; Cooke was an idea man. Carmody was a Democrat; Cooke was a Republican. But their objectives were the same: to electrify rural America.

Clyde T. Ellis, an important figure in the rural electrification movement, liked Carmody. He saw him as "one of the most brilliant men and one of the toughest administrators I ever knew."<sup>22</sup> But Harold Ickes and Hugh Johnson did not like him, and they made no secret of it. Ickes felt that the REA should have been under his direct control as administrator of the Public Works Administration. When

<sup>21</sup> New York Times, February 16, 1937.

<sup>22</sup> Ellis, A Giant Step, 54.

Carmody was appointed, thereby taking the REA out of Ickes' reach, Ickes felt that the reason was that the REA under Cooke had not spent enough money, and that under him it would spend even less. Ickes wrote FDR just after Carmody's appointment: "If the agency which spends its appropriation the fastest is the one that is considered the most successful, then I admit that PWA is not in the running with some others. But quick spending of Federal funds has never been our goal."<sup>23</sup> But FDR knew that the only way rural America would get electricity was to distribute the money to the farmers as quickly as possible, and Ickes' past record was one of moderation. Johnson, head of the National Recovery Administration, agreed with Ickes. He saw Carmody as a stuffed shirt, "a fat toad sitting on the wet end of a log. . . ."<sup>24</sup> But there is no evidence that this dislike for Carmody ever adversely affected his work with the REA, or that FDR ever lost confidence in him because of it.

The statistics of Carmody's brief administration are impressive. By the time he left in 1939, 417 co-ops had been formed, and twenty-five percent of all farms had service. In 1938 alone, 168,000 farms received electricity.<sup>25</sup> Under

<sup>23</sup> Harold L. Ickes, The Secret Diary of Harold Ickes, Vol. II, The Inside Struggle, 1936-1939 (3 vols., New York, Simon and Schuster, 1954), 665.

<sup>24</sup> Ibid., 663.

<sup>25</sup> Rural Electrification Administration, 1939 Annual Report (Washington, USGPO, 1940), 3; Slaterry, America Lights Up, 76.

Carmody, innovations made construction easier and cheaper. Longer spans between poles were used, with the line mounted on the poles, one above the other, instead of on cross-arms. Hardware was standardized, and purchased in great quantities at the lowest possible price. The price of construction came down as a result--by one estimate, from \$2,500 to \$941 per mile.<sup>26</sup>

Under Carmody, FDR placed the REA in the Department of Agriculture. "I know, it bothers me too," FDR told Ellis, "but there's so much trouble in the world now and there are so many demands on me that I just can't have all these independent agencies reporting to me. I have to have some relief from these administrative matters. As long as I am President, you need have no worry."<sup>27</sup> But Ellis did worry, and rightly so. The reorganization was ambiguous and would cause conflict later. Carmody's reaction to the reorganization was decisive and swift. He would have none of it. He quit in June.

Carmody later reflected on the condition of things when he came to REA: "It was almost dead when I went there. The few projects were small and creeping."<sup>28</sup> He took hold of a program that had been born of idealism and turned it into

<sup>26</sup> Person, "REA in Perspective," 77-78; Brown, Electricity for Rural America, 69; Ellis, Giant Step, 57.

<sup>27</sup> Ellis, Giant Step, 63.

<sup>28</sup> Brown, Electricity for Rural America, 68.

a realistic one that brought light, instead of dreams, to rural Americans.

Carmody remained in FDR's favor. He was appointed to head the Federal Works Administration just seven days after his resignation. Until 1946, he served on the Maritime Commission. He died in 1963 after a distinguished career.<sup>29</sup>

Within two months of Carmody's resignation, Harry Slattery was named to head the REA. There was not much excitement surrounding his appointment. Like Cooke, Slattery's political initiation had been at the feet of Gifford Pinchot. As Pinchot's personal secretary, he became deeply involved in the early conflicts with the power companies. He was a part of the Ballinger-Pinchot Affair in 1911 which contributed to the Taft-Roosevelt split. He was best known for his uncovering of the Teapot Dome oil-lease scandals. In 1932, with the rise of FDR, he came to Washington as Ickes' personal assistant, later to become Undersecretary of the Interior. At first, he refused the REA post, evidently seeing it as a step down, but FDR persisted and Slattery finally accepted. He took office in September, 1939.<sup>30</sup>

<sup>29</sup> Maxine Block, ed., Current Biography: Who's Who and Why (New York, W. H. Wilson and Company, 1940), 141-142; Who Was Who in America with World Notables IV, 1961-1968 (Chicago, A. N. Marquis Co., 1968).

<sup>30</sup> Who Was Who in America II (Chicago, A. N. Marquis Co., 1968).

Slattery's administration was stormy. There was conflict from within and without. He proved to be a poor administrator; some have even questioned his sanity. He left in disgrace, but the REA under his direction grew rapidly.

FDR's reorganization of the Department of Agriculture did not specify whether or not the REA administrator was subordinate to the Secretary of Agriculture. This was not an immediate problem when Slattery came in. He and Wallace got along well. But when Wallace left to be FDR's third-term Vice-President, Claude Wickard took the post. By 1941, Wickard had decided that his plans for REA did not include Slattery; he wanted him out. The subsequent fight drew in the biggest names of the day.<sup>31</sup>

The conflict began over how to manage the co-ops. Slattery wanted them to be nearly independent, private businesses, in the hands of the people. Wickard wanted a hand in their affairs, even to the point of overseeing the selection of co-op officers. But Slattery's objections did not concern Wickard. To him the REA and Slattery were his to direct.<sup>32</sup>

Slattery's ability to run the REA was encumbered by

<sup>31</sup> Mark Cordell Stauter, "The Rural Electrification Administration, 1935-1945: A New Deal Case Study," (unpublished Ph.D. dissertation, Duke University, 1973), 143.

<sup>32</sup> Brown, Electricity for Rural America, 78-79.

Wickard's continued needling. At one point, Wickard had REA personnel investigated. He asked Rankin and Norris to urge FDR to fire Slattery. Slattery tried to fight back by building his own coalition, but Wickard was too strong.<sup>33</sup> The fight would not end until Slattery fell from Presidential grace.

REA's problems were compounded by World War II. Co-op construction material was restricted by the war effort. Cooper, in particular, was scarce, and almost all construction ceased. Any copper that remained on the market was quickly bought up by the private companies. Finally, the War Production Board put a freeze on nearly all construction materials. In addition, the loan allocation for 1943 was slashed to a thin \$10 million, and that was to be used for defense purposes only.<sup>34</sup>

To many public power supporters, there was another side to the wartime curtailments. They felt that REA increased farm productivity, eased food shortages, and allowed farmers enough free time to work in defense plants. With less farm labor needed, more men could join up. Slattery may have agreed, but he did not press the point. Many began to see the need for a more active REA spokesman than Slattery.

<sup>33</sup> Ibid., 79. At one point, Wickard had REA personnel probed. Newspaper columnist Drew Pearson picked up the story and printed it. Ibid., 78.

<sup>34</sup> Person, "REA in Perspective," 79-80; Congressional Record, 77th Congress, 1st session (October 27, 1941), 8240-8242.

In late 1941, the REA was accused of hoarding copper in Texas for its own use. A congressional hearing was held and REA was easily and quickly exonerated.<sup>35</sup> But, again, there was no one to speak for REA. Slattery had been silent. Several public power advocates got together to establish a voice for REA that would be heard on Capitol Hill.

In March, 1942, this group met in Cincinnati and the National Rural Electric Cooperative Association was born. The organizer and first manager was Clyde T. Ellis of Arkansas. Slattery got along well with the NRECA, but not with Ellis. At the first annual convention in January, 1943, Slattery called the new organization "the beginning of another stage in the progress of rural electrification in the United States."<sup>36</sup> But he and Ellis would soon lock horns, and the conflict would make the Slattery-Wickard hostility seem mild in comparison.

The NRECA's strength grew enormously during the war years. In Congress its biggest support came from the biggest names--George Norris, John Rankin, Robert Poage--and it won every early fight. It got the freeze lifted on construction materials. It set up an insurance plan for the co-ops. By its first annual meeting 175 co-ops had

<sup>35</sup> Congressional Record, ibid. (December 2, 1941), 9312-9316; New York Times, December 2, 1941.

<sup>36</sup> New York Times, January 20, 1943.



had joined.<sup>37</sup> The power of NRECA was growing, and Ellis' power grew with it.

Like so many other public power enthusiasts, Ellis lived most of his early life without electricity. He recalled unsuccessful attempts by his father to get electricity for their home, and by his principal to get lights for the schoolhouse. He was born near Pea Ridge, Arkansas, where the backward way of life was the only way. When he went to Washington in 1939, he took with him memories of his early life without electricity, the hard life of hand-pumped wells, wood stoves, and dark nights. The rest of his life, as a Congressman and then as NRECA manager, would be devoted to rural electrification.<sup>38</sup>

Ellis was elected to the Arkansas state legislature at age twenty-three on a public power platform. Six years later, in 1938, he was elected to the House of Representatives, again as a supporter of public power. He served there only four years. In 1942, he lost a bid for the Senate to John McClellan. In order to run for the Senate, he turned over his seat in the House to his protege William Fulbright.<sup>39</sup> In 1943, a public power enthusiast without a job, Ellis was in a prime position to organize and then head the NRECA.

<sup>37</sup> Brown, Electricity for Rural America, 87; Ellis, Giant Step, 75-81.

<sup>38</sup> Ellis, Giant Step, x, 28-29.

<sup>39</sup> Ibid., x, 30-31.

From his position at the NRECA, Ellis soon gained enough power to take on Slattery. Slattery was generally thought incompetent, even mentally ill.<sup>40</sup> He was chronically ailing, always absent from his desk. At the REA office, there was constant bickering between Slattery and Carmody's heir apparent, Robert Craig. Craig constantly chomped at the bit as number two, always regarding Slattery as an inter-loper. The result of this interior squabble and Slattery's administrative inertia was, as might be expected, poor morale at REA top levels.<sup>41</sup> And these internal problems made Slattery vulnerable to attack from Ellis.

All of these conflicts resulted from a changing of the guard which was taking place not only within the REA in the mid-Forties, but throughout national politics. The new was replacing the old. The new liberalism of the Roosevelt Administration was replacing, and often clashing with, the old liberalism of the Progressive Era, and nowhere was it more strongly felt than at REA. This new group had no illusions of cooperating with the private sector; the companies were viewed with disdain, and for the most part excluded from future plans. Ellis led the new Young Turks. They would not be satisfied with simply serving rural America with electricity bought from the private companies.

<sup>40</sup> Brown, Electricity for Rural America, 89.

<sup>41</sup> Ibid., 87-90.

They would generate it themselves, removing themselves from under the thumb of private power, and never look back. The fight over electrical generation would be fought on the battle grounds of the states until the mid-Sixties when the new liberals would finally come away with all the cards--bloody, but victorious.<sup>42</sup>

Slattery was the focal point of the opening battled. He was the last administrator to oppose electrical generation. His species was becoming extinct. He was unable to adapt, and was pushed aside by a stronger, new breed. Ellis was, of course, the leader. But the first skirmishes were fought between Slattery and Craig. Craig had approved a Texas plan for generation during one of Slattery's extended absences in 1941. When Slattery tried to stop it, the wrath of Sam Rayburn came down on him like a ponderous weight. Rayburn called for Slattery's immediate resignation and accused him of being "mentally ill, incompetent and ruining the program."<sup>43</sup>

The differences between Ellis and Slattery were differences in philosophy--two clashing ways of thinking about rural electrification. They were brought to combat over how co-op liability insurance should be provided.

Insurance problems had plagued the local co-ops from

<sup>42</sup> Ibid., 89.

<sup>43</sup> Ibid., 92.

the beginning. Private insurance companies were gouging them, citing the inexperience of REA linesmen as a high risk. Ellis wanted the NRECA to set up an insurance company for the co-ops out of surplus REA funds. Slattery killed the plan. The fight was on. Ellis wrote FDR complaining of Slattery's incompetence. He sent anti-Slattery letters to co-ops. On July 10, 1943, Businessweek reported that the end was near for Slattery; he was expected to resign soon.<sup>44</sup> Rankin defended Ellis in the House. FDR, wanting to end the embarrassing controversy, offered the REA job to Norris, hoping that Slattery would get the hint and step down. Norris refused, and so did Slattery. FDR tried again, this time using an emissary to bring down Slattery. He would not budge.<sup>45</sup>

Slattery hoped to get a Senate investigation of REA underway. In May, 1944, he succeeded. The report from the hearings exonerated him, while criticizing FDR, USDA, Wickard, NRECA, and Ellis. The committee even commended Slattery for his obstinance in not resigning.<sup>46</sup>

Slattery had been victorious against Craig, Wickard, Ellis, and even FDR. He had fought the powers that be and won. But he was isolated in a political world. He would

<sup>44</sup> Businessweek (July 10, 1943), 27-28.

<sup>45</sup> Stauter, "Rural Electrification Administration," 239-240.

<sup>46</sup> Congressional Record, 78th Congress, 2d session (June 23, 1944), 6591-6594.

soon wither and die. In 1944 he supported Dewey. A few days after the election, he resigned.

The Slattery-Wickard feud could have been avoided had the 1939 reorganization of REA been clear. But the fight with Ellis was a fight waiting to happen. The conflict between these two men was a conflict of basic philosophies over how the REA would be run in the future. Had the question not been insurance, it would have been something else.

Slattery was the REA's tragic character. He was cut from an old mold. To him, the ideas of generating electricity and setting up an insurance company were moving too far from the public-private coalition that was the foundation of progressivism. When the fight was at its peak, Slattery sought counsel from his mentor, Gifford Pinchot, by then certainly the last of the Progressive Era's great leaders. Pinchot characteristically advised Slattery to fight it out to the very end. David Lilienthal, director of the TVA, saw Slattery as "highly deserving as an old progressive."<sup>47</sup> Lilienthal might as well have characterized Slattery as obsolete.

During Slattery's administration, the number of consumers jumped from just over 800,000 to 1.5 million.<sup>48</sup>

<sup>47</sup> David Lilienthal, The Journals of David Lilienthal, Vol. I, The TVA Years, 1939-1945 (New York, Harper and Row, 1964), 280.

<sup>48</sup> REA, Annual Statistical Report, 1950, viii. In 1939, 849,588 consumers were connected. By 1944, that number was up to 1,484,417.

It is difficult to see how such growth could come out of such chaos. But the growth can be attributed to the capable leadership of the local co-op managers, not to Washington.

In the last few months of Slattery's administration, Congress passed the Pace Act, the most significant piece of legislation affecting the REA since the program's inception in 1935.<sup>49</sup> It fixed interest rates at two percent and extended the amortization period to thirty-five years. It was a significant liberalization of the program, and it showed the willingness of Congress to see REA's objectives through to the end. When FDR signed the bill on September 21, 1944, he called it "a great step forward in achieving the ultimate objective of the rural electrification program . . . ." The NRECA led the fight, and Slattery, by then out in the cold, opposed it.<sup>50</sup>

In that same year, Congress continued to show its support of rural electrification by approving the formation of the Southwest Power Administration. In the early years of the war, several dams were built in the Southwest to bring power to military installations there. In 1943, these projects were consolidated into one program under Ickes' direction. As the war drew to a close, Congress stipulated in the Flood Control Act of 1944 that the

<sup>49</sup> The bill was introduced February 29, 1944, by Stephen Pace of Georgia as the "Omnibus Agriculture Bill," H.R. 4278.

<sup>50</sup> Brown, Electricity for Rural America, 95-96.

electricity generated at these projects was to be sold to co-ops. Today, twenty-five dams generate electricity for co-ops and private companies in Texas, Oklahoma, Arkansas, Missouri, Kansas, and Louisiana.<sup>51</sup>

With the passage of the Pace Act and the formation of SPA it looked as though Congress was planning a bright future for rural electrification. Despite the hindrances of severe internal strife under Slattery, his apparent incompetence, and the wartime slowdown, REA was enjoying a resurgence in the post-war era, and about to move ahead into the period of its greatest growth.

<sup>51</sup> National Rural Electric Cooperative Association, People--Their Power: The Rural Electric Fact Book (Washington, n.p., 1980), 66.

## CHAPTER 3

### POWER TO THE RURAL PEOPLE; WORLD WAR II TO PRESENT

At the end of World War II, over half of America's rural population was still without electricity; within twenty years, almost no one would be without it. These twenty post-war years were a period of phenomenal growth and expansion for rural electrification. The Pace Act allowed co-ops enough financial independence to move into even the most remote areas. As the co-ops expanded, they grew in strength and as a result, conflicts with the companies grew more fierce. In the face of this, an increasing number of public power supporters began to follow Ellis' lead in the direction of generation and transmission-- in the direction of total independence from the companies. By the mid-sixties the Republicans in Congress and a few conservative southerners had adopted the ideas of Cooke, Carmody, and Slattery; the ideas of the old progressives had become the ideas of the post-war conservatives. The liberals, led by Ellis, came to dominate the power platform of the Democratic Party. They opposed cooperation with the private companies; generation of their own power was the only way for them. New battle lines had been drawn, new sides were chosen, an old conflict was renewed.



The war slowdown had created a logjam of applications. Construction began slowly. Hardware, poles, and trained technicians were hard to find, and it was not until 1948 that construction got into full swing. By that year, over 40,000 customers per year were being connected. By June, seventy-eight percent of America's farms were receiving REA service.<sup>1</sup>

Just when REA was about to shift back into high gear, the program was nearly blocked by the 1947 Republican cut-backs in the House. Everett Dirksen, Chairman of the Subcommittee on Appropriations, tried hard to have REA funds cut, but the Senate, still in the hands of the Democrats, restored the appropriation to its original level of \$250 million. The 1948 request, higher still, was passed without a fight.<sup>2</sup>

By 1948, it was no secret that rural electrification had become a big success. But the comforts of electricity could not compare with the access to communications networks in bringing rural America into the mainstream of American life. In 1949, only thirty percent of the rural population had telephone service--the twentieth century

<sup>1</sup> United States Department of Agriculture, Rural Electrification Administration, Rural Lines--USA: The Story of Cooperative Rural Electrification (Washington, D.C., USGPO, 1981), 19.

<sup>2</sup> Deward Clayton Brown, "Rural Electrification in the South, 1920-1955" (unpublished Ph.D. dissertation, UCLA, 1971), 258-261.

link to the rest of the world. In that year, Congress amended the REA Act to lend money to telephone co-ops in rural areas. The program was sponsored by the NRECA, and, as might be expected, was opposed violently by AT&T. Nevertheless, by 1959, there were 679 telephone co-ops in the country.<sup>3</sup> Rural Americans took another step out of the non-electric past.

REA's growth in the post-war period had the full support of President Harry S. Truman. In a time when many members of Congress were beginning to look over their shoulders for a socialist bugaboo and to imagine they had found it in such programs as REA, Truman, characteristically, defended it. "The power companies, who said the dams are socialism, are not passing power along to their rural customers. Power ought to go to the farmers, and as long as I have anything to do with it, that's where the power will go,"<sup>4</sup>--this remark, coming in 1952 at the height of the red-baiting, from a President commonly known for not provoking the red-baiters. He was, said Ellis, "a genuine diamond in the rough."<sup>5</sup>

<sup>3</sup> National Rural Electrification Cooperative Association, Rural Electric Facts: American Success Story (Washington, D.C., n.p., 1970), 27, 170; See also, ibid., The REA Rural Telephone Loan Program (Washington, D.C., n.p., n.d.), passim.

<sup>4</sup> Rural Electrification 10 (August, 1952), 26.

<sup>5</sup> Clyde T. Ellis, A Giant Step (New York, Vintage Books, 1952).

Truman appointed Claude Wickard to head the REA. Wickard had been FDR's Secretary of Agriculture, and had submitted his resignation after Roosevelt's death. As administrator, he began a policy of bringing independence to the co-ops, of letting them run their own affairs independent of the Washington office. Many of the co-ops had seven or eight years' experience by this time, and some had even grown to resent federal interference. During Wickard's administration, cries of socialism grew louder. He answered by emphasizing that co-ops were not government-owned agencies, and that there was nothing socialistic about the programs. "REA borrowers are private enterprises," he said, "just as much as are the commercial companies."<sup>6</sup> The Washington office put the previously mandatory services of audits, advice, and assistance on a voluntary basis. Thus, these independent businesses were thrown more and more on their own.

The Democratic hold on the Presidency ended with Eisenhower's election in 1952. The ascension of a Republican to the White House was accepted with some anxiety by REA officials. The REA program had been created by Democrats, it was a Democratic triumph, and, by the early Fifties, a Democratic sacred cow. There was a fear that

<sup>6</sup> H. S. Person, "The Rural Electrification Administration in Perspective," Agricultural History XXIV (April, 1950), 83.

Eisenhower would try to kill it, even the entire New Deal. But Eisenhower accepted the New Deal, and by doing so, he cemented the New Deal programs into the American economic system. Nevertheless, public power did not fare well under Eisenhower. Although much of Eisenhower's wrath was directed at TVA, in the minds of many of his supporters REA was somehow lumped together with TVA; consequently, REA suffered. "Those were hard years for us," said Ellis of the Eisenhower Administration. He "just never did seem to comprehend what rural electrification was all about."<sup>7</sup>

Eisenhower mildly endorsed REA in 1952. But when he came to Washington, big business came with him as Douglas McKay, Eisenhower's Secretary of the Interior, boasted: "We're here in the saddle representing big business."<sup>8</sup> The National Chamber of Commerce and the National Association of Manufacturers supported private power in their fight against REA. And soon, public power became the target of a large propaganda campaign. In 1953, Eisenhower stated his dislike for TVA, and the "creeping socialism" of public power in general: "By God, if we ever could do it before we leave, well I'd like to see us sell the whole thing, but I suppose we can't go that far."<sup>9</sup>

<sup>7</sup> Ellis, Giant Step, 105,122.

<sup>8</sup> Ibid., 105.

<sup>9</sup> Quoted in Emmet John Hughes, Ordeal of Power: A Political Memoir of the Eisenhower Years (New York, Antheneum, 1962), 152.

Appropriations--and therefore electrical connections--were extremely low during Eisenhower's Administration. In 1950, before Eisenhower's election, REA appropriations had jumped to \$470 million, the highest ever. By 1953, REA money was cut by three-fourths, just above the 1937 level.<sup>10</sup> The program had nearly been stopped dead in its tracks.

One of the greatest challenges to REA in the Eisenhower years, and for that matter throughout the program's existence, was the reorganization of the Department of Agriculture in 1953. The power to make REA loans was taken from the REA administrator and given to the Secretary of Agriculture, then Ezra Taft Benson. Immediately, Benson began reviewing and restricting REA loans over the head of REA administrator, David Hamil. Senator Hubert H. Humphrey, Democrat from Minnesota, and Representative C. Melvin Price, Democrat from Illinois, introduced a bill to return the loan-making powers to the REA administrator. A classic partisan battle began over the Humphrey-Price Bill.<sup>11</sup>

Much of the fighting went on in Senate and House Subcommittees. Homer Capehart of Indiana led the fight against the bill in the Senate, where Humphrey was flanked by John Kennedy and Frank Church. The bill passed easily, reflecting

<sup>10</sup> United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1953 (Washington, D.C., USGPO, 1954), xv.

<sup>11</sup> National Rural Electric Cooperative Association, People--Their Power: The Rural Electric Fact Book (Washington, D.C., n.p., 1980), 31; Ellis, Giant Step, 3-23.

a grassroots desire to keep the program in full swing. The Senate passed it on April 8, 1959, with a vote of sixty to twenty-seven. In the House, the margin was 254 to 131. A few days later, to no one's surprise, Eisenhower vetoed the bill. The Senate voted to override with six votes to spare, but the House fell short by four. President Eisenhower's opinion would stand.<sup>12</sup>

The REA was damaged during Eisenhower's Administration, but despite appropriations cuts and other hindrances, local co-ops for the first time managed to boost the number of electrified farms to over ninety percent. In the South, eighty-six percent were finally receiving power.<sup>13</sup> There were actually few local setbacks. The program had marched on during the war; it would march on under Eisenhower.

It "was the good rain that ends a long drought."<sup>14</sup> That was how Ellis characterized John F. Kennedy's election in 1960. Kennedy's Vice-President, Lyndon B. Johnson, had been, as Rayburn's protege, one of REA's most avid supporters. He had even been a co-op organizer in Texas, and had directly supported the formation of NRECA. The future again looked bright for the program. But the political atmosphere was not, at first, as favorable as it might have seemed. First

<sup>12</sup> Congressional Record, 86th Congress, 1st session (April 28, 1959), 6919; ibid., (April 30, 1959), 7207.

<sup>13</sup> REA, Annual Statistical Report, 1953, 14-16.

<sup>14</sup> Ellis, Giant Step, 145.

of all, Massachusetts was one of four states that had been taken over by the power companies; there were no co-ops in the President's home state. And secondly, Kennedy had a nasty habit of talking as a liberal and acting as a conservative. Not long after the inauguration, Ellis, along with many other liberals, quickly became disenchanted with JFK. "As time passed after the inauguration," Ellis remembered, "it became increasingly clear that while the new President might be sympathetic to resource development, he did not intend to lead any crusade for it." The President made sympathetic recommendations to Congress, "but in most cases there was no concentrated administrative effort. . . ."<sup>15</sup> This was not an uncommon feeling among New Deal liberals when JFK came to office. They had been stifled by the War and then by Eisenhower, with only a short interlude of social program growth under Truman. Many of them expected more from JFK than he was willing to give--Camelot was not utopia.<sup>16</sup>

JFK finally did support public power, but more because of a desire to aid rural America, particularly the South, than truly to carry on FDR's legacy. His Area Redevelopment Administration, set up in April, 1961, was aimed at reversing the decline of the rural South. Of course, it was not so much a decline as it was the South's age-old problem of

<sup>15</sup> Ibid., 160.

<sup>16</sup> Ibid., 160-161.

consistently lagging behind the economy of the rest of the country. The rural standard of living was much lower than that of urban areas. Rural southerners received little or no health care, and their educational level was well below that of the rest of America. For most, rural life offered only one alternative to living in poverty: moving to the city where better jobs might produce a better standard of living. The result was that JFK's "war on the poverty of opportunity" spilled over into REA coffers, REA loan allocations were raised back to their pre-Eisenhower levels, and rural Americans could again hope to achieve parity with the rest of the country.<sup>17</sup>

By the 1960s, it had become apparent that the New Deal and the War had remarkably changed the face of rural America. But to those who felt an attachment to ruralism, the change was not necessarily good. The most obvious phenomenon was migration; much of rural America had moved to the city since the War, to the land of opportunity. In the South, migration had its greatest effect. It changed the character and even the meaning of the American South.<sup>18</sup>

What had caused the exodus? Southern blacks had been

<sup>17</sup> Ibid., 160-163.

<sup>18</sup> George Tindall, The Emergence of the New South, 1913-1945 (Baton Rouge, Louisiana State University Press, 1967), 432; Robert Coles, Farewell to the South (Boston, Little, Brown and Company, 1963), 60, 63, 100, 371, 130.



the first to leave. They saw opportunities in urban factories during World War I and in the Twenties and stormed the cities, particularly in the North, to find a better life. The Depression worsened the problems that had plagued southern agriculture throughout the Twenties, and when World War II came and defense plants called for workers, southerners responded with a mass migration.<sup>19</sup>

The New Deal programs had much the same effect. Although there might be some question as to whether the New Deal brought the nation out of the Depression, there is no doubt that the millions of dollars pumped into the rural economy resulted in an uplifting of rural America. Much of this money was directed toward the South, making farming profitable. Profitability led to mechanization, and mechanization pushed the tenant farmer, sharecropper and farm laborer off the land and into the city. The overall effect was good for all involved; the surplus manpower was absorbed by the wartime factories, but the traditional character of the South was lost to memory.<sup>20</sup>

REA, of course, was one instrument in this change. It made farming easier and more profitable. It was at first thought that the program would make rural life palatable, that it would keep another generation of youth down

<sup>19</sup> Tindall, Emergence of the New South, 432; Coles, Farewell to the South, 130.

<sup>20</sup> Tindall, Emergence of the New South, 432; Coles, Farewell to the South, 130.

on the farm, keep the bright lights of the city from luring the kids away. REA pamphlets often reported: "We have noticed that these boys become more enthusiastic about agriculture as a means of earning a living when they come to realize that electricity means more profits and less work. . . ." <sup>21</sup> But the mechanism and profits that came as a result of REA and other New Deal programs allowed for a rural-to-urban migration that was beneficial to all involved. An equilibrium was reached in the American economy whereby factories received much needed labor at the same time that less farm labor was needed. <sup>22</sup>

A direct result of REA was rural industry. This phenomenon barely existed before the 1930s, and if it did, it generated its own power. By the 1950s and 1960s, the small farmer, now with less to do because of mechanization, could complete his chores in the morning (or leave them to a son or even a farmhand) and work a later shift at a nearby factory. The standard of living of this part-time farmer quickly jumped from poverty to middle class. And his money was circulated into the rural economy, benefitting everyone who came in touch with it.

But where did the factories come from? By the 1960s, profits in the northern urban, industrial complex were

<sup>21</sup> Rural Electrification Administration, Report of Rural Electrification Administration (Washington, D.C., USGPO, 1939), 50.

<sup>22</sup> D. Clayton Brown, Electricity for Rural America: The Fight for the REA, (Westport, Conn., Greenwood Press, 1980), 120, 129.

being cut drastically by high labor demands and high taxes. Rural America, but particularly the South, quickly became a haven from these profit-cutting demands. An exploitable labor supply, low tax rates and, now, cheap power brought industry to the South.<sup>23</sup> It is ironic that while southerners were flocking to the North to work in factories, northern factories were moving to the South for cheap labor.

Despite the economic advances made during the New Deal and the War, the South remained the most poverty-stricken section of the country until the recent recession.<sup>24</sup> The War on Poverty programs during the Kennedy-Johnson years were, above all, directed toward the South, but even more specifically at Appalachia, where the inhabitants had barely risen above Thirties Depression levels.<sup>25</sup> They became the symbol of the War on Poverty programs and personified the liberal doctrine that pervaded the Sixties of the perfectability of man. All they needed, it was thought, was opportunity. Attempts to give that opportunity brought REA increased appropriations.

The decade of the Sixties was a time of change for the rural electrification program. With over ninety percent of

<sup>23</sup> Charles Roland, The Improbable Era; The South Since World War II (Lexington, Kentucky, University of Kentucky Press, 1975), 11-18, 55.

<sup>24</sup> Ibid., 11, 26, 54.

<sup>25</sup> Eric F. Goldman, The Tragedy of Lyndon Johnson (New York, Alfred A. Knopf, 1969), 55; Arthur Schlesinger, A Thousand Days; John F. Kennedy in the Whitehouse (Boston, Houghton Mifflin, Co., 1965), 1009-1014.

rural America receiving electricity, local co-ops turned their attention to the generation and transmission of their own power. As long as they depended on private power companies for power, their very existence was threatened. After all, the private companies were doing everything they could to destroy the entire program. Placing the fate of the co-ops in their hands was like depending on the wolves to assist the sheep.

Of course, the co-ops were too small to set up their own generation and transmission plants. They would usually join with several other co-ops setting up a "super co-op," and then apply for loans to build two or three plants. The local co-ops that set up the program would then, of course, buy their power from the super co-op.

REA was well within its rights to lend money for these G&T facilities. The REA Act stated that loans might be made "for the purpose of financing and construction and operation of electric generating plants, electric transmission and distribution lines. . . ." <sup>26</sup> Loans could be made for generation and transmission when there was not an adequate available source, when unreasonable conditions or limitations were demanded by private sources, when wholesale rates were unreasonably high, or when a savings could be

<sup>26</sup> Rural Electrification Act of 1936, P.L. 605, 74th Congress, May 20, 1936. Act cited in NRECA, People--Their Power, 176-187.

made.<sup>27</sup> Most co-ops could easily fulfill one or more of these criteria. Usually, the ability to produce electricity at a substantial savings to the consumer was reason enough. But power companies, even in the Sixties, still saw co-ops as rivals and often charged them unreasonable rates. Frequently co-ops were burdened with dual rates: a regular rate for residential rural customers and a much higher rate for industrial users. This, of course, was simply another attempt by the private companies to force the co-ops into the less lucrative markets while keeping the most profitable loads for themselves. By the Seventies, power outages across the country forced many co-ops to begin G&T plants simply to have enough electricity to serve their members.<sup>28</sup>

Understandably, the main opposition to the G&T's came from the private companies. Not only did the G&T's mean stiffer competition from the co-ops, but the private companies stood to lose the income from power purchased by the co-ops. To fight the G&T's, the private companies employed delaying tactics to hold up construction. In Louisiana, for example, private power halted G&T construction for over a decade. By the time they had run the full gambit of court delays, the costs had shot up so dramatically that a second REA loan had to be obtained before the project could

<sup>27</sup> Congressional Record, 74th Congress, 2nd session (February 26, 1936) 2823.

<sup>28</sup> NRECA, People--Their Power, 58-59.

even begin. Unfortunately, the consumer on both sides of the fight bore the brunt.

In many cases, simply the threat of building a G&T plant became a successful bargaining tool. The private companies often lowered their prices in hopes of making G&T construction less attractive to the co-ops. Keeping costs down allowed the co-ops to supply low-cost power to their consumers, thereby removing the most common incentive for building G&T plants. Both sides benefitted as a result.

But where the G&T plants were needed, REA was willing to lend the money. In 1940, only 1.8 percent of REA power was self-generated. By 1965, 18.3 percent of REA power was self-generated. By 1965, 18.3 percent came from their own plants. In that same year, sixty percent of REA loan money was used to construct G&T facilities.<sup>29</sup> By the mid-Sixties rural electrification had shifted its direction toward self-sufficiency--always a mainstay of American rural philosophy.

The Sixties was a comfortable time for REA. Although LBJ did not use JFK's liberal rhetoric, he turned out to be far more liberal than his predecessor, and rural electrification benefitted from the liberalism. Hubert Humphrey, now the Vice President, was one of REA's most avid supporters. The program was well represented in the White House.<sup>30</sup>

<sup>29</sup> REA, Annual Statistical Report, 1965, 7.

<sup>30</sup> NRECA, People--Their Power, 31; Ellis, Giant Step, 220-221.

On Capitol Hill, the Republicans, who had generally opposed the program from its beginning, were joined by several southern Democrats to oppose generation and transmission. This group of southern conservative Democrats was led by the all-powerful Chairman of the Agricultural Committee, Allen Ellender of Louisiana. They were instrumental in slowing down several G&T programs, not only in Louisiana but throughout the nation.<sup>31</sup>

The only substantial threat to REA in the Sixties was the 1964 election. Goldwater vowed to kill the program: "When the local companies can move in and find it profitable, then the REA should move out."<sup>32</sup> America, of course, was not listening to the Republicans in 1964, and for the most part, Goldwater's right-wing tirades went unheard.

But four years later things were different; America was listening to the Republican Party. When Richard Nixon came to office, he re-appointed Eisenhower's REA administrator, David Hamil. Hamil immediately ended loans for wiring, plumbing, appliances, and electrical machinery. Then loans for G&T programs were severely curtailed. On December 29, 1972, with the stroke of a pen, Nixon killed the REA program.<sup>33</sup>

<sup>31</sup> NRECA, People--Their Power, 58-59; Interview with Hamil, May 31, 1983.

<sup>32</sup> Ellis, Giant Step, 224.

<sup>33</sup> NRECA, People--Their Power, 32; Interview with Hamil, May 31, 1983.

The death came hard to Congressional Democrats. Humphrey called the act "a complete violation, distortion, and ultimate repudiation of the Acts of Congress."<sup>34</sup> But Congressional Democrats acted quickly, and on May 11, 1973, they had a new bill on Nixon's desk for his approval. He willingly signed it because the new program was not sustained from the federal treasury. Most of the money for future projects would come from the private sector, guaranteed by the federal government. The new rates would be raised to five percent interest. There would still be some two percent money available to co-ops that served sparsely populated, unprofitable areas, but that money would come from a revolving-type fund that was to accumulate from payments on existing loans, and not from the treasury. The purpose of the bill was to make REA self-sufficient.<sup>35</sup> It succeeded in that, but it also made more money available to co-ops through banks who were eager to loan all the money that the government would guarantee. The result has been more and more construction of G&T systems throughout the nation, and a larger, stronger national and local program.

In the REA's history since World War II, several themes have been evident: 1) greater assistance to the South than to the rest of the country; 2) in general, rapid growth

<sup>34</sup> NRECA, People--Their Power, 33.

<sup>35</sup> United States Department of Agriculture, Rural Electrification Administration, Rural Electric Financing Today (Washington, D.C., USGPO, n.d.), passim.



under Democratic administrations, followed by stifling of that growth under the Republicans; and 3) the new tack toward G&T programs. There have also been some minor trends. Five of six new connections after 1965 have been in suburban areas that have spilled over from rural areas. There has also been a general decline in the number of farms. That is, as America has moved from the farm to the city, REA has come to serve the rural areas around these cities. Some co-ops, such as South Louisiana Electric Member Corporation, have even moved into small suburban towns. This, of course, must be done with money from sources other than REA.

Nuclear power appears to be the trend of the future for REA. The great expense of nuclear power plants has, ironically, brought public and private power together. In most cases, neither the co-ops nor the private companies can justify the entire expense of a nuclear plant, so they have reluctantly shaken hands. Unfortunately, the price of the plants is rising so rapidly that, in many cases, neither side will benefit for a long time. Nevertheless, this public-private power cooperation in the nuclear field is a situation that would have brought smiles to the faces of Cooke, Pinchot, and other old Progressives of the Thirties.

From the time of these Progressives up through today, REA followed a path of growth that brought electricity to rural America. There were, as we have seen, conflicts from within and without: internal conflicts over cooperation

with private companies, and later, the development of G&T programs; and external conflicts--the constant threat from the strong private companies and their political allies. But these conflicts were not restricted to the national level. In fact, the national experience is only a small part of the story. It was on the state and local levels where the real skirmishes, the real hand-to-hand combat took place--where the war was really won or lost. Local lenders fought over many of the same issues, and the private companies infringed on co-op rights at the state and local levels as well. And Louisiana was, and is, a perfect example of these conflicts, both from within and without.

## CHAPTER 4

### LOUISIANA'S THIRTEEN CO-OPS

Development of the federal program, followed by the establishment of the individual co-ops, may seem to have left a gap in the growth of the system. But that is how the REA program developed. Once it became law, and once the funds were allocated, the next step was for the information to filter down to the grassroots, to the farmers and rural leaders, who would transform ideas into reality--electricity. Once the local programs were set up and on their feet, once they were large enough to need advice and to have common problems, only then did they collaborate and consult each other and set up statewide organizations, thus filling the gap between the federal and local programs.

These grassroots beginnings became the real heart of the movement. Here was a true frontier, where the leaders were true pioneers, who took the initiative, sacrificing time and money to bring electricity to people who had never had it--to the areas that would prosper because of it. As electricity moved into these areas, as the poles and lines went up, lives were bettered in Louisiana. In some areas, entire economic systems developed around co-op lines. It is difficult to calculate the effects precisely, since the

ten-year period from the mid-Thirties to the mid-Forties was so economically volatile in Louisiana, but the advent of electricity had a staggering effect on the economy of rural life in the state.

These Louisianians were as different from each other as would be expected of a cross-section of Louisiana rural people. Many were the wealthy planters, farmers, and cattlemen of the state, while others were small-town businessmen, political leaders, and lawyers. They were as different from each other as Terrebonne Parish is from Webster Parish, as different as the swamp is from the Louisiana prairie. But at the same time, there were important similarities among them. They were all community leaders; uppermost in their minds was the welfare of their little corner of the world. Most were also in some ways visionaries; they saw how electricity would aid the growth of their community, bring in business and industry, and upgrade the financial status of the general population. Everyone in the community would benefit.

These Louisiana men were, of course, southerners. This, in the Thirties, meant they were Democrats. And it meant that they were part of FDR's New Deal coalition, but it did not necessarily mean that they were liberals. Southerners had been the conservative arm of the Democratic Party since the Civil War. In the Thirties, little had changed. These southern conservatives were about as far removed as possible from the liberal philosophy and

Keynesian economics of FDR and his Brain Trust. But politics had little to do with their attitude toward co-ops and the co-op movement. They were almost never moved by political ideology or rhetoric. There was no vast economic scheme of things that motivated them. Very simply, they wanted lights for themselves and their communities, and they were willing to take whatever steps were necessary to achieve that end.

Each co-op had its unique aspects of growth and development, but as a rule they all began in virtually the same way. Usually a wealthy landowner would approach the electric company in the area and ask to be hooked up to a nearby line. He was either told that it could not be done, or that he would have to pay for the lines, poles, and labor to make the hookup. The private companies were never of the gambling sort; either the venture would yield immediate profits, or it would not be done. This landowner, then, usually approached some of his friends who formed an informal group and, through either a local politician, a county agent, or possibly through the group's own initiative, contacted REA. The REA typically responded by sending two or three representatives to survey the area and determine if a co-op was feasible. The major criterion was density: were there enough houses per mile to make it work? The magic number was three, but in some parts of Louisiana in the late Thirties, this was a difficult criterion to meet. And each householder had to pay a five dollar deposit in order to be hooked up. So, meetings were held, interest was

drummed up, and if necessary, the applicants lied to REA about the requirement of three houses per mile. Often barns, even unoccupied houses, were counted. And in nearly every case, community leaders paid the five dollar deposits where others could not.

But once REA was convinced, a loan could be obtained, and usually within a year of application the first lines were energized. In Louisiana this process began as early as 1937 at what became Teche Electric Membership Cooperative, and in just five years construction had swept across the state as quickly as the lines could be built. In 1942, when Concordia Electric, the last co-op to organize, energized its first lines, the organizing was done, but the program had just started.

The co-ops in Louisiana had an easy birth. The product was in demand, the price was low, and both community leaders and federal officials were eager to cooperate. Even the private companies were enthusiastic. They clearly had no interest in the rural areas, and they stood to make substantial profits by providing wholesale electricity to the co-ops. But later, in the late Fifties and early Sixties, when rural Louisiana began to develop, when oil drilling, fishing, and petrochemical industries began to dominate the state's economy, and when the cities began to spread out into co-op-controlled areas, conflicts arose. As it became increasingly clear that the investor-owned companies and the consumer-owned co-ops were no longer simply supplier and purchaser,

but competitors for much of the same market, the entire outlook changed. Suddenly, the co-ops were under the thumb of their rivals. Prices were only as low as the companies wanted them to be. A change was in the offing; the co-ops began moving toward developing their own source of power and away from their uncertain dependence on the companies. It was these years, the Sixties and Seventies, that would be the hard times.

But the birth and early years were easy. Each co-op in Louisiana had a good strong start due mostly to generous assistance from the federal government and an insatiable market. All thirteen state co-ops began life with tenacious leadership; in nearly every case, one person stands out as the one who led the co-op from infancy to maturity. The co-op movement is the story of its leaders, of pioneers who brought the miracle of electricity to rural Louisiana.

Teche Electric Membership Cooperative  
Jeanerette, Louisiana

Teche Electric Cooperative is considered to have been the first co-op in Louisiana, although it is difficult to confirm that claim. One or two other co-ops may have had earlier meetings, even earlier incorporation, but Teche was the first to bring electricity to the Louisiana countryside; it was the first to attain its objective. On April 15, 1938, just three years after FDR signed the Executive Order creating the REA, Governor Richard Leche pulled the

switch that energized a small rural section of Iberia Parish.<sup>1</sup>

That, of course, was the most dramatic aspect of the birth of the co-op movement in the state. The real beginning of Teche Electric was in a small grocery store in the Four Corners area of St. Mary Parish, southwest of Jeanerette on Highway 90. There A. M. Boudin, the store owner, collected the five-dollar membership fee from the prospective co-op members.<sup>2</sup> On June 12, 1937, presumably with all the necessary qualifications met, Teche Electric was chartered.<sup>3</sup> Two days later, the board received a check from REA for \$95,000.<sup>4</sup> It would take fourteen months to plant the poles, string the line, and, finally, with the help of the governor, bring lights to rural Louisiana for the first time. Two hundred and eighty-four houses were served by 122 miles of line.<sup>5</sup> It must certainly have been an exciting event.

The leaders of the co-op movement in Iberia and St. Martin Parishes were not really different from those in any other part of Louisiana: they were big farmers and

<sup>1</sup> Interview with Arthur Verrett, Jeanerette, Louisiana, July 23, 1982; interview with Edgar Chaney, ibid.

<sup>2</sup> Interview with Calvin Boudin, ibid.

<sup>3</sup> Interview with Verrett, July 23, 1982.

<sup>4</sup> Rural Louisiana, May, 1960, 8.

<sup>5</sup> Ibid.



community leaders. They were certainly the ones who stood to gain the most by having electricity brought to their area.

W. Prescott Foster was the most notable. He was the son of Murphy J. Foster, governor of Louisiana from 1892 to 1900 and later United States Senator. Foster's holdings included the largest sugar cane plantation in the state. He had 20,000 acres under cultivation, with another several hundred in cattle and dairy farms. He owned the Alice C and Maryland plantations near Franklin in St. Mary Parish.<sup>6</sup> He became the first president of the board of directors of Teche Electric. It was his prestige that lent credence to the local organization, and it was his influence that brought Teche to Jeanerette in April, 1938.<sup>7</sup>

Another important figure in the history of Teche Electric was Leon Landry. He was elected the co-op's first vice-president and later president. He was a West Point graduate and, like Foster, a large sugar cane planter in St. Mary Parish.<sup>8</sup> Another board member was Howard Olivier. He was also a successful planter.<sup>9</sup> Alexander V. Allain, also on the first board, owned Marguerite Plantation seven

<sup>6</sup> Ellis Arthur Davis, ed., The Historical Encyclopedia of Louisiana (2 vols, New Orleans? n.p., 194?), I, 956.

<sup>7</sup> Interview with Verrett, July 23, 1982; interview with Chaney, ibid.

<sup>8</sup> Interview with Verrett, July 23, 1982; interview with Boudin, ibid.

<sup>9</sup> Davis, Historical Encyclopedia of Louisiana, I, 511.

miles south of Jeanerette. He was on the Police Jury in St. Mary Parish, and was President of the Board of Directors at Teche Electric during the 1960s.<sup>10</sup>

But among all the people who got Teche Electric started and of those who later watched it grow, Edgar Chaney has had more influence over the co-op than anyone else over the years. Just released from the Army in 1945, Chaney came to the co-op to replace his brother, John, as manager. His brother had been killed in an automobile accident just a few months before, and the co-op was desperate for a replacement. Chaney was not an engineer, and, at first, REA would not approve his appointment. But after Prescott Foster placed the weight of his influence behind Chaney and made some Washington contacts regarding the matter, Chaney was approved.<sup>11</sup>

He went on to serve the co-op as manager for by far the longest period of any other manager there--until 1978. He saw the co-op through most of its lifetime, and he built it to its present position on an exceptionally strong foundation.

Chaney was asked to retire in 1978 in the midst of somewhat hushed surroundings. A new board of directors had been voted in, and, evidently unhappy with Chaney, they

<sup>10</sup> Ibid., I, 487.

<sup>11</sup> Interview with Chaney, July 23, 1982.

voted him out. After over thirty years of service, Chaney was out of the picture.<sup>12</sup>

Although Teche Electric has the distinction of being the first co-op in the state, it also remains the smallest. It serves fewer than 7,000 members in only three small south Louisiana parishes: Iberia, St. Mary, and St. Martin.<sup>13</sup> The rural population in these parishes is generally densely settled--there are nearly twelve electrical meters per mile of co-op line, by far the highest density in the state. But the population as a whole in these parishes is sparse, only 79.6 per square mile.<sup>14</sup>

This is because the majority of the population is located along the area's bayous (specifically Bayou Teche) that connect the small urban settlements. The rest of the land, mostly swamp, is virtually uninhabited. This phenomenon has allowed Teche to serve a large population with a small amount of line. The result is that Teche Electric has grown to be a wealthy concern, so much so that the statistics should be preceded by fanfare. In 1980, the co-op

<sup>12</sup> Interview with Mark Bonner, Baton Rouge, July 29, 1982; interview with Chaney, July 23, 1982.

<sup>13</sup> United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), 68.

<sup>14</sup> James Calhoun, et al., Louisiana Almanac, 1979-1980 (30th ed., Pelican Publishing Company, Gretna, Louisiana, 1979), 128-29. This is particularly true of St. Martin Parish with only 44.1 per mile.

boasted owning a whopping eighty-five percent of its system. The only co-op in Louisiana coming close to this figure is SLEMCO, reputedly the largest co-op in the country, with sixty-five percent equity; the next in line drops to thirty-one percent.<sup>15</sup>

Some critics have spoken out against the Teche management for not having been more aggressive in the early years, for not having taken in more territory, for not having taken more risks.<sup>16</sup> But Edgar Chaney's sound management with an eye toward financial solvency has allowed Teche Electric to remain economically the strongest co-op in the state.

#### Concordia Electric Cooperative Farriday, Louisiana

Everyone in the co-op movement has heard numerous stories of how the private utilities would not serve a certain farmer, who then joined with others who had had the same experience and formed a co-op. The story is almost as apocryphal as that of the worker who becomes able to buy out his uncaring employer. But Tam Winston was one of those farmers; he lived that experience, and he remembers it well. The result was the organization of Concordia Electric Cooperative.

<sup>15</sup> REA, Annual Statistical Report, 1980, 68.

<sup>16</sup> Interview with Mark Bonner, July 29, 1982.

Winston is an old southern gentleman who still displays photographs in his study of his two indomitable heroes, Jefferson Davis and Robert E. Lee. For a man obviously steeped in the southern political tradition, he is curiously reluctant to talk about politics. Those pictures might say something about his political philosophy. He says he has none, only that he is from the "old school."<sup>17</sup>

In the late Thirties, Winston was without electricity. In those days, he recalls, "farmers worked from can't to can't: from can't see in the morning to can't see in the evening."<sup>18</sup> But he saw an opportunity to get electricity when Louisiana Power and Light built a line to a Mississippi River levee construction project in his area. The line was to pass by his house:

I got two or three people . . . to refuse to give them right-of-way unless they would put a permanent line out. And they built the line three miles out of their way . . . because we refused to give them right-of-way.<sup>19</sup>

As the levee construction project grew and moved along the river bank, LP&L built a second line, and then a third. The three lines, says Winston, were built on simple willow poles and torn down when the project was completed. "They wouldn't serve us electricity," Winston remembers, "because

<sup>17</sup> Interview with Tam Winston, Vidalia, Louisiana, December 14, 1981.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

they said it was too sparsely settled. They wouldn't serve anybody; they wouldn't listen.<sup>20</sup>

Not long afterward, Winston was approached by Sam Calvert and L. F. Marks, two local leaders like himself. It was Marks, according to Winston, who had first received information from REA. He and Clavert told Winston that if they could get a five-dollar deposit from each person in the area, with an average of at least 2.5 people per mile, REA would consider granting a loan to the group. They had little trouble arousing interest, but, Winston recalls, many could not pay the five-dollar deposit. Thus they lacked the needed amount to make the loan application. "So my father, Mr. Cliff Godbold, and I all went in on a note and borrowed the five dollars membership at the bank and put up the five dollars membership for I think something like fifteen or twenty additional, so that we could go on and get our loan application in. . . ." There was considerable urgency; they feared that the coming war would end the loan program from REA.<sup>21</sup>

The first meeting was at the courthouse in Vidalia, but to centralize the location, the office was moved to Ferriday. Winston was elected president, a position he holds today, and Edward Barnett was hired as manager.<sup>22</sup>

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

On April 11, 1941, these pioneers in rural electrification received \$120,000 from REA for construction of 140 miles of line to serve 344 rural members. On January 29, 1942, after nine months of construction, the last co-op in Louisiana to organize energized its first lines.<sup>23</sup>

The co-op began in parts of Concordia and a small piece of Tensas Parish. Today Concordia Electric serves about 10,500 members in those two parishes, in addition to all or parts of Catahoula, LaSalle, Franklin, Caldwell, Grant, and Rapides parishes.<sup>24</sup>

Concordia Electric was the last co-op in Louisiana to organize mainly because it is located in one of the most sparsely populated areas in the state. The co-op serves an average of only 4.78 consumers per mile, by far the lowest density in Louisiana. This condition has brought financial hardship at times, but it is one of the few co-ops in the state still making loan payments to REA in advance of schedule.<sup>25</sup>

Many co-ops in Louisiana had a leader who brought it from birth, through adolescence, to maturity--as did Concordia Electric. After Barnett died in 1948, E. E. Taylor took the job, and remained there for thirty years.

<sup>23</sup> Rural Louisiana, May, 1960, 8.

<sup>24</sup> Interview with Albert A. Forrester, Ferriday, Louisiana, December 14, 1981.

<sup>25</sup> REA, Annual Statistical Report, 1980, 70.

Before he came to Concordia, Taylor worked for nearly ten years as a field man for REA, stationed in Louisiana for awhile, and then later in the Kansas-Nebraska-Colorado area.<sup>26</sup>

Taylor has an attitude toward rural electrification that is shared by many pioneers in the field, but it is seldom expressed as well:

There developed a kind of spirit of, I'm going to call it pioneering. I didn't realize it at the time, that that was what it was. Many, many times I have dropped what I was doing to go watch the turning on of the lights in a particular area. The thrill in seeing the expression on their faces just did something to people like me, to see the changes in those people's lives. . . . It became almost a religion to people like me to try and see that everybody had electricity. You kind of caught the feeling of wanting to see that they had it.<sup>27</sup>

Taylor fulfilled his idealistic goals: by 1960, virtually everyone within the boundaries of the Concordia Electric service area had electricity, and in 1978 when he left, there were over 10,000 consumers.<sup>28</sup> Taylor was more instrumental than anyone else in seeing that the program was complete--that the dream was fulfilled for both himself and the recipients.

Taylor's influence on the growth and development of the co-op system in Louisiana was not limited to his

<sup>26</sup> Interview with E. E. Taylor, Ferriday, Louisiana, December 14, 1981.

<sup>27</sup> Ibid.

<sup>28</sup> Interview with Taylor, December 14, 1981; REA Statistical Abstract, 1978, 97.



pioneering work at Concordia Electric. He had a significant hand in the birth and growth of the statewide movement, and later in the movement to begin generation. In the Sixties, when it became apparent that local co-ops would no longer be able to borrow two percent money from REA, Taylor assisted on the national scene in the development of the Cooperative Finance Association, a co-op bank that remains an important source of funds for most local co-ops today.<sup>29</sup> Taylor's assistance in the development of rural electrification has been unique. He has had influence on all three levels: state, local, and national.

Taylor's successor at Concordia was Albert Forrester. He had been Taylor's right hand man since 1948. He retired in 1982 after only four years as manager, but his influence as Taylor's assistant goes beyond his short time as manager. Forrester's successor was Ben Chance.<sup>30</sup>

Jeff Davis Electric Cooperative  
Jennings, Louisiana

The Jeff Davis co-op had an inauspicious beginning. Most co-ops were able to get their systems on line before the war began, but Jeff Davis was not so lucky. The co-op

<sup>29</sup> Interview with Taylor, December 14, 1981; REA Statistical Abstract, 1978, 97.

<sup>30</sup> Rural Louisiana, January 1982, n.p.; interview with Taylor, December 14, 1982.

was chartered on September 17, 1941, but due to wartime delays it did not receive its first loan until May 15, 1944. With the exception of some existing lines that were energized almost immediately, it was not until December, 1946, over six years after the co-op was organized, that the Jennings area finally received electricity.<sup>31</sup> The problem, of course, was that the materials used in building electrical lines were also important to the war effort. Without wire, insulators, transformers, and manpower, line building was impossible. While the Jennings-area co-op was just beginning, a second attempt at co-op formation was beginning near the town of Cameron, Louisiana.

Cameron is isolated, even today. But in the early Forties, the only access to it was by way of a shell-top road from Lake Charles, and a ferry crossing at the inter-coastal canal. The town's isolation made for a unique problem that led local leaders to look to REA for assistance in obtaining electricity.

Cameron, for years before the war, had received electricity from the Grant Utility Company. It was a local operation owned by the Zetman family of New Orleans, and was more concerned with making ice than electricity. The Grant Utility Company had built a short line to the community of Cameron, but when the war broke out and the company could not get enough fuel to keep the operation

<sup>31</sup> Rural Louisiana, May, 1960, 8.

profitable, it simply shut down the plant and walked off, leaving Cameron in the dark. Joe Docksey, secretary of the police jury and a prominent local citizen, knocked the lock off the building, started up the generator, and got the lights back on. Docksey paid for the service by collecting ten or fifteen dollars from the townspeople.<sup>32</sup>

Cameron again had electricity, but obviously this situation was inadequate at best, so some of the town's leaders began working on the more permanent solution of organizing a co-op. They wrote REA, which responded in the usual manner by sending a field team to Cameron to determine whether or not a co-op was feasible. The team decided it was not: the area simply lacked the necessary population density to support a co-op. But the REA representatives did suggest that the Cameron group join with the new, but as yet unlighted, Jeff Davis co-op.<sup>33</sup>

On May 15, 1944, the Jeff Davis group purchased the Grant Utility Company of Cameron and the two were merged.<sup>34</sup> But even this merger would not assure electricity for Cameron. The community still had to meet REA's requirement of three houses per mile of line, and in Cameron that would not be easy. J. S. Robbins, the manager at Jeff Davis,

<sup>32</sup> Interview with J. S. Robbins, Jennings, Louisiana, August 9, 1982.

<sup>33</sup> Ibid.

<sup>34</sup> Rural Louisiana, May, 1960, 8.

recalls: " . . . they had to count every little house that had a cow as a dairy, and I don't know what all, to do the paperwork to get the money."<sup>35</sup> But they did get the money.

The co-op operated Grant Utilities for awhile, but the facility was far from adequate. It would be necessary to construct a permanent line to Cameron. This line, which was finally completed in 1946, ran from the Gulf States facility on the east side of Lake Charles, extending to Holmwood, across the Intercoastal Canal to Creole, and then west sixteen miles to Cameron.<sup>36</sup>

According to Robbins, who came to Jeff Davis in 1947, the year after the Cameron line was completed, the line should have never been built. It was only a three-phase line, not at all adequate to carry a load forty-six miles. Robbins said that "when you got to the end of the line, you didn't have any power left. It was a terrible mess, people'd burn out motors; everytime it thundered the line went off, fuses were off, and the boys [the linemen working for the co-op] were either here in Jennings or in Cameron. They'd have to drive forty miles to find the trouble. We had a hell of a time." One of the first things Robbins did as manager was to build a high capacity transmission line to Cameron.<sup>37</sup>

<sup>35</sup> Interview with Robbins, August 9, 1982.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

Robbins was not the first manager at Jeff Davis; that distinction goes to W. J. Purvis. Purvis had been trained as a lineman, a background which did not quite qualify him for the manager's job. He yielded the position to Robbins in 1947. Robbins, an engineer, who graduated from Louisiana Tech in 1936, worked for Gulf Oil Corporation for six years, then entered the Navy during the war. After working for General Gas after the war for one year, he was offered the manager's job at Jeff Davis. He was thirty-two when he accepted the position, remaining there until just recently, nearly thirty-five years at the helm.<sup>38</sup>

Robbins is generally noted for pursuing commercial and industrial loads, which often brought him head-to-head with the private companies: "We fought, and fought. Unfortunately, a lot of times they'd win the battle." One major battle that Robbins lost concerned a Phillips Petroleum plant that was to be built at Lake Arthur in southwestern Jeff Davis Parish. The co-op had the only source of power in the area; in fact, the plant was to be built near a co-op line. Robbins had negotiated the contracts and even designed the substation. "And doggone, if they didn't give that load to Gulf States," Robbins recalls, "and they used my substation design. It's still there today, with a 300 horsepower load."<sup>39</sup>

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

Like so many of the early leaders of Louisiana's co-op system, Robbins has retired--possibly for the same reason that so many others left, Robbins says he was "tired of the rat race, tired of fighting the battle."<sup>40</sup> It is not quite clear what battles Robbins is tired of fighting. He fought hard against the utilities in the Sixties, but he was also an antagonist within the statewide organization. He is often criticized as difficult to get along with, opinionated, even rebellious. He still feels that some things at the co-op's generating facility are not being done correctly, and he voices his opinions loudly from his ivory tower of retirement. His voice seems to ring in the ears of many of the present co-op leaders--a topic to be taken up later.<sup>41</sup>

Jeff Davis is not a large co-op. Today it serves only about 8,000 members, the second smallest membership in the state.<sup>42</sup> It serves Jeff Davis, Cameron, and Calcashieu parishes and has extended lines into Vermillion and Allen parishes.<sup>43</sup> Robbins' successor at Jeff Davis is J. H. deCordova.

<sup>40</sup> Ibid.

<sup>41</sup> Interview with Mark Bonner, July 29, 1982; interview with Chaney, July 23, 1982; interview with Scott McVea, Baton Rouge, July 13, 1982.

<sup>42</sup> REA, Annual Statistical Report, 1980, 70.

<sup>43</sup> Rural Louisiana, May, 1960, 8.

Southwest Louisiana Electric Membership Corporation  
Lafayette, Louisiana

Louisiana has some very small co-ops. Teche, Jeff Davis, and Pointe Coupee, for instance, have under 8,000 members each. But among Louisiana co-ops is one of the nation's largest, Southwest Louisiana Electric Membership Corporation. In 1980, SLEMCO was serving nearly 70,000 members.<sup>44</sup> It is not only big, it is growing. In that year, it began serving the entire city of Opelousas. SLEMCO's size has led to an independent attitude, a tendency not to cooperate (or possibly a lack of need over the years to cooperate) with the other co-ops in the state. This has led to resentment, rivalry, and even animosity among other co-op managers that exists even today. Much of this difficulty concerns the development and growth of the generating facility, and will be dealt with later.

SLEMCO had a fragmented beginning that eventually ended in a united effort. In the Acadian parishes in 1937, the population seemed dense enough that each parish could set up its own co-op. So, four co-ops were organized: Lafayette, St. Landry, St. Martin, and Acadia. County agents took the lead in organizing all four. The agent in Lafayette Parish was Sidney Bowles, in Acadia it was Lloyd Bruitt, in St. Landry it was A. K. Smith, and in St. Martin the agent was Stanley Angele.<sup>45</sup>

<sup>44</sup> REA, Annual Statistical Report, 1980, 68.

<sup>45</sup> Interview with U. J. Gajan, Lafayette, Louisiana, November 16, 1981.

When it soon became apparent that the four co-ops could not do the job as well as one, they merged to form SLEMC0 in 1937. Vermilion and Evangeline parishes later joined the organization, making up the territory that comprises SLEMC0 today.<sup>46</sup>

SLEMC0 had some difficulty getting its first loan. To meet the requirements, each co-op had to be surveyed for feasibility by REA. An official from Washington, a Miss Lighter, nearly killed at birth what would become the nation's largest co-op. She inspected and examined the area, concluded that a co-op in that part of Louisiana was not feasible, and reported that to Washington.<sup>47</sup>

The response from the co-op founders was to call REA, though making a call to Washington for these men was not easy. Pitifully broke, they passed the hat in order to make the call. Their office was as unimpressive as their financial position. It was "just a little old hole-in-the-wall," one early member recalls. They even lacked office furniture; they used apple crates for chairs. But despite their condition, they were able to contact an REA official in Washington, C. O. Faulkenwald. He took an interest in the new co-op, and made a trip to Lafayette to reinspect the area. He was evidently satisfied. Due

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.



to his recommendation, a loan was approved for \$420,000.<sup>48</sup>  
It was still 1937.

The new co-op hired the William G. Morrison engineering firm to do the pre-allotment work and the surveying. One of their engineers was U. J. Gajan. He would become manager of SLEMCO in 1941, remaining there for forty years.<sup>49</sup> He would build the co-op from its birth to the largest in the country. And in the process, he would become the focal point of a controversy over the concept of generation that would divide the statewide organization.

Gajan went to work for Morrison in 1937. The pace was frantic, since they had to get the lines up as quickly as possible to maintain local support. "We were putting in sixteen to eighteen hours a day, because we had to get the lines staked, make our notes at night . . . it was a touch-and-go-deal."<sup>50</sup> They finally got the lines built and energized on May 11, 1938. They initially bought their power from the city of Lafayette.<sup>51</sup>

Gajan worked for the engineering firm for about two years. On July 1, 1941, he was given the position of general manager at SLEMCO. "And from then on," he says, it's been just a heavy construction program."<sup>52</sup>

<sup>48</sup> Ibid.

<sup>49</sup> "Biography of U. J. Gajan," unpublished vita in possession of Gajan.

<sup>50</sup> Interview with Gajan, November 16, 1981.

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

Gajan is the quintessential self-made man, complete with bootstraps. His early life was meager at best. He grew up on a small farm near New Iberia where electricity was the luxury of others. Not unlike many other co-op leaders in Louisiana, Gajan was denied access to a private utility line that ran near his home. The price quoted for the hookup was an out-of-reach \$1,500. So, he lived his early life without lights. After high school, he attended a small preparatory school in New Iberia, and became a licensed professional engineer after twenty years of experience. Now, after forty years of service to SLEMCO, he is retired.<sup>53</sup>

SLEMCO's size has always made it an aberration among the other co-ops in the state. It has always been big enough to stand on its own, and even to stand toe-to-toe with the private utility companies. Over the years, SLEMCO and Gulf States Utilities (the main private utility in SLEMCO's service area) have developed a healthy respect for each other. Throughout the years, there have been few conflicts between the two, and there has always been communication. Consequently, SLEMCO has received favorable contracts from GSU.<sup>54</sup> But this has not been the situation

<sup>53</sup> Ibid.

<sup>54</sup> Interview with Herman Kesel, Lafayette, Louisiana, November 16, 1981.

in the rest of the state. The smaller co-ops--many very small--formed a statewide organization to marshal enough money and strength to keep from being virtually crushed by the private companies. SLEMCO joined this organization in the early Fifties, and Gajan was an early leader. But in the mid-Sixties, when the other co-ops decided that the only way to remove the dominance of the private companies was to generate their own electricity, SLEMCO refused to join in. Gajan felt that he could still buy power from GSU cheaper than the united co-op group could generate it.<sup>55</sup> He was right, but his critics have said that he was being used by GSU to break up the co-op generating plan.<sup>56</sup> Whether Gajan received good contracts because of his past association with GSU, or because GSU hoped to break up the co-op consortium is not clear, but the effects were to damage the united co-op effort to generate, to oust SLEMCO from all statewide dealings, and to shape Gajan as the bad boy of it all. It was a deep wound that even today occasionally arouses animosity. It involved personalities, egos, and a lot of hostility. It will be worth a closer look later.

The controversy ended in 1973 when SLEMCO joined the

<sup>55</sup> Interview with Gajan, November 16, 1981.

<sup>56</sup> Interview with McVea, July 13, 1982; interview with A. A. Robinson, Baton Rouge, May 19, 1982; interview with Merle Burgin, New Roads, Louisiana, August 5, 1982; interview with Robbins, August 9, 1982.

other co-ops in their generating plans and, on the surface at least, all was forgiven. Today, SLEMCO's involvement in the affairs of the statewide organization is not quite up to par with the other members. This might be due to past grievances, SLEMCO's size, or even its heritage of independence. But for whatever reason, SLEMCO remains the state's black-sheep, the aberration.

When Gajan retired, Herman Kesel took his place. Kesel was Gajan's longtime assistant. In fact, Gajan hired Kesel as a young stake-and-chain-man in the early days of the co-op. Kesel has carried on Gajan's amicable association with GSU.<sup>57</sup>

Despite that association, in the fall of 1980, Kesel aimed all his guns at GSU in an all-out bid to serve the town of Opelousas. The old gas-fired plant there had become too expensive to operate, and the town leaders had begun looking for a new source of power.<sup>58</sup> SLEMCO and GSU both wanted the town. Each tried to sway the voting public by sweetening the pot: GSU offered to absorb some of the town's energy costs, while SLEMCO offered free street lights, free distribution, and free insurance.<sup>59</sup> Throughout

<sup>57</sup> Interview with Gajan, November 16, 1981; interview with Kesel, ibid.

<sup>58</sup> Opelousas Daily World, March 29, 1981, 1.

<sup>59</sup> Ibid., May 28, 1981, 1.

the battle, the Opelousas city council supported SLEMC0's bid.<sup>60</sup>

The controversy seemed rather calm until April 11, 1981, when fights broke out at the city council meeting and police had to be brought in on two different occasions. The Opelousas Daily World stated that the "shouting and decision-making . . . has become as popular in some circles as the LSU Tiger basketball team."<sup>61</sup> And in 1981, the LSU Tigers were commanding considerable attention throughout the state.

As the conflict grew, each side continued to up the ante: GSU finally underbid SLEMC0 by twenty-five cents per kilowatt hour; Kesel countered by agreeing to hire all the employees from the old plant, a touchy point that many had demanded.<sup>62</sup> But the deciding factor seems to have been that GSU's cheap gas contracts would soon run out, forcing its fuel costs to rise substantially in 1984, and probably resulting in higher long-term consumer costs under GSU than SLEMC0. The final popular vote was a three-to-one margin in favor of SLEMC0. The co-op took every precinct.<sup>63</sup>

Only SLEMC0, with its enormous size, could challenge

<sup>60</sup> Opelousas Daily World, February 22, 1981, 5.

<sup>61</sup> Ibid., April 12, 1981, 1; ibid., March 29, 1981, 1.

<sup>62</sup> Ibid., March 10, 1981, 1.

<sup>63</sup> Interview with Kesel, November 16, 1981.

GSU and take over the utilities of a city the size of Opelousas. Such a power play exhibits both strength and independence. It also shows indifference for the co-op movement. And, more than anything else, it shows SLEMCO, because of its size, to be something quite different from the other twelve co-ops in the state. It may very well be the foreshadowing of what the other twelve will become as they pass from the middle age of their development into old age.

Valley Electric Membership Corporation  
Natchitoches, Louisiana

Valley Electric is one of the largest co-ops in Louisiana. With 29,000 members, it ranks third behind only SLEMCO in Lafayette and Dixie in Baton Rouge. In addition to having a large membership, Valley Electric also has the largest service area of any co-op in the state. It serves all or part of eight parishes: Caddo, Grant, DeSoto, Sabine, Natchitoches, Winn, Red River, and Vernon in West Central Louisiana. Its service area spans both banks of the Red River from the outskirts of Alexandris in the south to the outskirts of Shreveport in the north.<sup>64</sup>

Probably the most notable feature of Valley Electric, other than its size, is the dedication of its employees. Three employees at Valley have worked there for over forty

<sup>64</sup> REA, Annual Statistical Report, 1980, 68; Rural Louisiana, May, 1960, 8.

years. Odessa Winn came to the co-op in October of 1937, just one year after the first organizational meeting and seven months before the first lines were energized. Her husband was Valley Electric's first lineman. "We were rich," she recalls, "he was making \$110 [per month]." But she had to work for nothing for the first three months until the co-op received its first loan from REA.<sup>65</sup> After a few months as secretary-bookkeeper, Mrs. Winn hired an assistant, Vannie Rogers. Mrs. Rogers has been at Valley Electric since then, with the exception of a leave of absence in 1945.<sup>66</sup> In that year, Homer Cox came to Valley as a lineman's helper at the grand salary of thirty cents per hour. He moved up the ranks, serving under six managers, as acting manager twice, and finally, in October, 1981, became Valley Electric's eighth manager.<sup>67</sup> He does not have the engineering degree usually required at most co-ops to fill the manager's post, though the thirty-seven years of hard-knocks education he has received at Valley may be as valuable.

It was first intended that Valley Electric be located in Grant Parish rather than in Natchitoches Parish. But the town of Natchitoches had long been the central place

<sup>65</sup> Interview with Odessa Winn, Natchitoches, Louisiana, January 21, 1983.

<sup>66</sup> Ibid. Interview with Vannie Rogers, ibid.

<sup>67</sup> Interview with Homer Cox, ibid.

for that section of Louisiana, and more of the board members were from in and around Natchitoches than were from Grant Parish. Possibly of more importance, J. H. Henry, the co-op's first president and the main thrust behind its beginning, was from Natchitoches Parish. At any rate, the plans were changed; the co-op was moved from Grant to Natchitoches Parish, with the office eventually being relocated to the town of Natchitoches.<sup>68</sup>

The first meeting was held at the American Legion Hall in Natchitoches on November 30, 1936. According to the minutes, it was called by S. B. Thorton, Natchitoches Parish County Agent, and attended by C. O. Faulkenwald, the REA representative from Washington who had a hand in the formation of several co-ops in Louisiana.<sup>69</sup>

On May 16, 1937, J. H. Henry was elected President of Valley Electric. Henry was from Melrose, Louisiana, south of Natchitoches on the Cane River. Melrose was also the name of his plantation, possibly the largest pecan orchard in the state. His home today is a Louisiana historic monument, partly because of several "African style" cabins on the property. The main house, "Yucca House," was built in 1796.<sup>70</sup>

<sup>68</sup> Interview with Winn, January 21, 1983; interview with Rogers, ibid.

<sup>69</sup> Valley Electric Membership Cooperative, "Minutes," November 30, 1936.

<sup>70</sup> Baton Rouge State Times, September 29, 1964.



E. J. Giering was the first to receive the designation of manager at Valley Electric, elected to that post in August of 1937. But the first manager was really Randall MacNeely. His position was described as "Temporary Project Superintendent," and his main job was to obtain rights-of-way for the first lines.<sup>71</sup> He was probably hired more for his ability to climb a pole than for his managerial skills.

A story is often told at Valley Electric about a member who would not relinquish a right-of-way to the co-op because construction of the line necessitated the removal of one of a magnificent stand of oaks on his property. Two days after the request was made, an electrical storm hit the area, and lightning shattered the oak that the co-op wanted to move. Faced with what seemed to be the wrath of God, the man relented.<sup>72</sup>

The first loan from REA was for \$390,000, and arrived on June 28, 1937. The bids for construction came in on September 24, 1937. As an interesting side note, two companies submitted identical bids to sell electric meters to the co-op. Henry simply suggested that they flip a coin--heads won.<sup>73</sup>

<sup>71</sup> Valley Electric Co-op, "Minutes," June 19, 1937; interview with Winn, January 21, 1983.

<sup>72</sup> Clyde T. Ellis, A Giant Step (Random House, New York, 1966), 57-58.

<sup>73</sup> Rural Louisiana, May, 1960, 8; Natchitoches Times,

The first line was built south of Natchitoches toward the Cane River area, toward Henry's plantation. It spanned 185 miles, serving 391 members, and was energized in May of 1938. Other lines followed, expanding west toward Robeline, and then north to Powhatan.<sup>74</sup>

As the lines were being built people would come out of their homes to watch. Mrs. Winn recalls, "They wanted so bad to get lights. They understood that as soon as they built that line, they'd be on it." The co-op soon developed a good reputation. "Valley Electric was one of the most wonderful things; we could do no wrong." But things are different now, she says. "As time goes on, the people's attitude has changed a whole lot. Now they just take [us] for granted."<sup>75</sup>

The annual meetings at Valley were significant local events in the early days. They brought together the farmers and other rural people much like the county courthouse days, 4-H fairs, and church picnics did in other parts of the country, in other periods. The town merchants in Natchitoches held sales on that day, the co-op provided food, and everyone had a good time. But co-op business

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September 24, 1937, clipping in "Valley Electric Co-op Scrapbook," in possession of Vannie Rogers, Valley Electric Co-op.

<sup>74</sup> Rural Louisiana, May, 1960, 8.

<sup>75</sup> Interview with Winn, January 21, 1983.

was the main order of the day. Decisions were made, and members voted--after all, it was their co-op. Unfortunately, there is not as much interest on the part of members today; in fact, there is very little. As Mrs. Winn has stated, "times have changed."<sup>76</sup>

Valley Electric has a sparse 5.3 consumers per mile. The co-op covers so much area that it has almost as many miles of line as SLEMC0, while SLEMC0 has nearly twice as many consumers per mile. Such a situation would normally bring financial disaster, but Valley Electric has obviously been well managed over the years. Its equity is high at eighteen percent, and its current and accrued assets are the second highest in the state.<sup>77</sup> It is by no means the wealthy concern of Teche Electric or SLEMC0, but it does operate efficiently under a severe handicap of only 5.3 members per mile.

Northeast Louisiana Power Cooperative  
Winnsboro, Louisiana

As stated earlier, most of the co-ops had a manager who was responsible for building the organization to its present place. Northeast Louisiana Power Co-op is no exception. The first manager there was Robert Holladay. He helped to construct the first lines, and under his

<sup>76</sup> Ibid.

<sup>77</sup> REA, Annual Statistical Report, 1980, 68.

supervision, rural northeast Louisiana received electricity. Most of these co-op leaders are now retired, or on the verge of retiring; several have logged as many as forty years as manager. Holladay, though, left the post in 1965 because of illness, at about the time when most of the construction was completed. Although he did not have the opportunity to serve for forty years, as did Gajan, Taylor, Killingsworth and others, he got the job done before he left.

When Holladay became manager in 1939, much of the paperwork was completed and construction was ready to begin. At several other co-ops in the state, someone often took over the reins of command, completing this work before the first manager was hired. He obtained rights-of-way, did the paperwork, and, in come cases, began construction. At Northeast, this job fell to three men, David Anders, Edgar Lowrey, and W. L. Rush.

Anders is a lawyer. He helped to organize the corporation and did all the other legal graoundwork to get the co-op on its feet. He served as assistant manager under Holladay and eventually took over as manager when Holladay left in 1965.<sup>78</sup> Although Anders is not an engineer, he seems to have fulfilled the engineering requirements of the job quite well. He was one of those

<sup>78</sup> Interview with Eugene Lowrey, March 28, 1983, Winnsboro, Louisiana.

who worked tirelessly for the co-op but received little in return. One employee recalls that when she came to work for the co-op in 1941, she discovered that Anders had never been on the payroll; he had worked three years without pay.<sup>79</sup> Today Anders is retired and living in Winnsboro--just around the corner from the co-op office.

Edgar Lowrey is one of those who began at the bottom and worked to the top; he claims to have held every job in the co-op. His first job was obtaining rights-of-way and staking lines for sixty cents an hour. After the war he moved into the office, working mostly on insurance and retirement programs. During the few months between the time Anders left and the present manager, John C. Tucker, took over, Lowrey temporarily held the manager's post.<sup>80</sup>

W. L. Rush was an REA representative sent from Washington to get the co-op started. The role of most REA representatives around the state was to do little more than attend the first organizational meeting and inform the organizers about REA. But Rush seems to have been more than that. He stayed on at Northeast until well after Holladay was hired, until the first lines were energized in December, 1939.<sup>81</sup>

<sup>79</sup> Interview with Fannie Bonner, March 28, 1983, interview with Eugene Lowrey, March 28, 1983.

<sup>80</sup> Interview with Lowrey, ibid.

<sup>81</sup> Ibid. Northeast Louisiana Power Cooperative, "Minutes," July 15, 1939-December, 1939, passim.

These three men, Anders, Rush, and Lowrey, together with Holladay, did much of the work that took the co-op from the organizational stage to the energizing of the first lines. The organization of the co-op--the conception of the idea, the first contact with REA, the recruitment of interested local leaders, the real beginning of the co-op--was initiated by a different group led by H. B. Landis and W. P. Sellers.

Sellers was the county agent for Franklin Parish, and his role was the same as the role of other county agents in the state: to assist with the organization, get it on the right track, and then, when things were rolling along on their own, hand the leadership over to the co-op board of directors.<sup>82</sup> Sellers was important in the organization, but it was Landis who deserves most of the credit for bringing the co-op together. He was the community leader whose prominence brought enough weight to the organization to recruit other community leaders, and eventually many members to the co-op.

Landis owned a variety store in Winnsboro, and when he died, in January, 1941, he was mayor of the town. He was elected president of the board of directors at the organizational meeting on July 15, 1938, and held that position until he died. Although he was president for

<sup>82</sup> Interview with Lowrey, March 28, 1983.

only two and a half years, he is credited by those who remember him as laying the foundation for the co-op.<sup>83</sup>

When these organizers got the co-op on its feet, and were ready to begin construction, they hired Holladay. Holladay was born in 1894 in Swollie, Louisiana, in Sabine Parish. Before he came to the co-op he had had some limited experience in managing utilities. He began his career working at a sawmill in his hometown. Before REA, sawmills often provided electricity to a small area, or even a town located near the mill. Apparently, Holladay's job at the mill was associated with electrical generation because from there he went to Gibsland, Louisiana, in Bienville Parish, where he managed a small municipal plant. He eventually became mayor of the town. That plant was bought out by LP&L when the utility expanded in the mid-Twenties and Holladay accepted a position with the utility company as a district manager in Bastrop, Louisiana, probably as part of the buy-out agreement. He stayed there until he went to the Winnsboro co-op in May, 1939. He was lured from LP&L by a grand salary of \$139 per month.<sup>84</sup>

Holladay's administration was benevolent. The board of directors evidently had enough confidence in his abilities to allow him to operate things pretty much as he

<sup>83</sup> Ibid.

<sup>84</sup> Newspaper clipping entitled, "R.E. Holladay Quits Position," in possession of Fannie Bonner, Winnsboro, Louisiana; interview with Fannie Bonner, March 29, 1983.

wanted. He was a true leader, his secretary recalls, with a real knack for getting things done. He left the manager's post on January 1, 1965, due to illness. He died in 1980 of Parkinson's disease.<sup>85</sup>

There were, of course, other leaders. J. E. Richardson was a farmer from Liddieville in Franklin Parish. He was one of the original organizers in 1938. He retired from the board in 1969, after thirty-one years of service to the co-op.<sup>86</sup> W. P. Martin, also a co-op founder, owned the Bel-Mar Ranch near Delhi where he raised one of the most celebrated Black Angus herds in the South.<sup>87</sup> Another organizer, E. C. Calloway, was from near Holly Ridge in Richland Parish. He was also a large farmer and community leader. He resigned from the co-op board of directors in 1968, after thirty years of service.<sup>88</sup> Two women were on

<sup>85</sup> Interview with Fannie Bonner, March 28, 1983; interview with Lowrey, March 28, 1983. Newspaper clipping entitled "Local Rural Electrification Pioneer Honored for Services," in possession of Fannie Bonner, Winnsboro; Rural Louisiana, February, 1965.

<sup>86</sup> Newspaper clipping entitled, "Richardson Retires from Co-op Board," in possession of Fannie Bonner, Winnsboro; "Resolution of Commendation and Appreciation to J. E. Richardson," issued November 11, 1969, Northeast Louisiana Power Cooperative files, Winnsboro.

<sup>87</sup> Newspaper clipping entitled, "Columns Add Grace to Country Home," in possession of Fannie Bonner, Winnsboro.

<sup>88</sup> "Information of E. C. Calloway," in Northwest Louisiana Power Cooperative files, Winnsboro; "Resolution of Commendation and Appreciation to E. C. Calloway," November 11, 1969, in Northeast Louisiana Power Cooperative files, Winnsboro.



the first board, Mrs. T. A. Woodridge from Ft. Necessity, and Mrs. G. A. Newcomer from near Crowville in Franklin Parish. Both women served on the board for only a short time.<sup>89</sup> Ben Cheeck was also one of the first board members. He was a farmer from Mangham in Richland Parish. Richard Ward was from near Gilbert in Franklin Parish.<sup>90</sup> This list comprises the original roster of board members and organizers. All were local leaders and prominent citizens.

Of all those who pieced together the whole of Northeast Louisiana Power Co-op, only one more needs attention: C. J. Grayson. Grayson was a Winnsboro banker. He became a board member in early 1941, and was elected president one year later, succeeding Landis. Grayson's and Holladay's administrations coincided and, evidently, so did their personalities. Lowrey recalls that the two got along famously, complementing each other's temperament and ability. "Mr. Holladay and Mr. Grayson made a real pair." After thirty-four years of service, Grayson finally retired to his home in Ft. Necessity where he lives today. He is eighty-five.<sup>91</sup>

<sup>89</sup> "Northeast Louisiana Power Cooperative, Inc.," mss. in Northeast Louisiana Power Co-op files, Winnsboro, April 24, 1958, 2; interview with Fannie Bonner, March 28, 1983.

<sup>90</sup> Ibid.; interview with Lowrey, March 28, 1983.

<sup>91</sup> Interview with Lowrey, March 28, 1983.

The current manager, John C. Tucker, was hired by the board in 1971 after Anders became ill and had to retire. He is from Crowville in Franklin Parish and is a graduate of LSU.<sup>92</sup>

The first loan from REA was for \$72,000 for the construction of 158 miles of line to be built out of Winnsboro in several directions.<sup>93</sup> The contractor was John Owen from Monroe, who was awarded the contract on April 8, 1939, and completed construction of the first lines in early December.<sup>94</sup> On December 9, 1939, W. L. Rush wrote to his boss in Washington, Harry Slattery, informing him that construction was completed.<sup>95</sup> The lines were finally energized the day after Christmas, 1939, lighting a rural area toward Ft. Necessity and Delhi. Two days later, 290 members received power in West Carroll Parish. When construction was finally completed, the co-op spread through seven parishes: Franklin, Richland, Madison, East Carroll, West Carroll, Morehouse, and Tensas.<sup>96</sup> Today, the co-op serves over 13,000 consumers in those parishes.<sup>97</sup>

<sup>92</sup> Interview with Fannie Bonner, March 28, 1983.

<sup>93</sup> Contract between Rural Electrification Administration and Northeast Louisiana Power Co-op, June 3, 1939, in Northeast Louisiana Power Co-op files, Winnsboro.

<sup>94</sup> Northeast Louisiana Power Co-op, "Minutes," April 9, 1939.

<sup>95</sup> W. L. Rush to Harry Slattery, December 8, 1939, Northeast Louisiana Power Co-op files, Winnsboro.

<sup>96</sup> "Northeast Louisiana Power Cooperative, Inc.," 2; interview with Fannie Bonner, March 29, 1983.

<sup>97</sup> REA, Annual Statistical Report, 1980, 69.

Strong leadership was the key to a successful beginning in the life of a Louisiana co-op. The Northeast Power co-op had that strong leadership, not only from Holladay, but also from the board of directors who supported him. These people worked together to set the foundation, to build the co-op, and to assure its success.

South Louisiana Electric Cooperative Association  
Houma, Louisiana

At first glance, there are few things obviously distinctive about SLECA. This might be because the co-op never had its dynamic leader like Chaney at Tech, Gajan at SLEMC0, or Robbins at Jeff Davis--no obvious bright star to focus on. SLECA just seems to be there, quietly doing its part delivering electricity to Terrebonne, Lafourche, St. Mary, Assumption, and St. Martin parishes. But despite its placid character, SLECA is distinctive in at least one area: it is located in one of the nation's most volatile economic regions.

SLECA's total kilowatt sales volume is forty-seven percent commercial and industrial--nearly half of all electrical sales are to commercial and industrial interests. And of that forty-seven percent, nearly seventy percent is delivered to large corporations. In 1980, SLECA brought in nearly as much total revenue from large commercial and industrial sales as did SLEMC0, a co-op with three times the total kilowatt sales and nearly twice the number

of commercial and industrial customers.<sup>98</sup> The reason for this is obvious to anyone familiar with the oil and gas industry in Louisiana: The Houma-Morgan City area is saturated with the large companies that comprise that booming industry.

SLECA is also distinctive in that it serves over fourteen consumers per mile, the highest density in the state by far.<sup>99</sup> The reason for this is the same as at Teche Electric, only to a greater degree. The rural population lives on the high ground along the bayous that connect the small urban settlements. These areas are, of course, natural levees formed by centuries of flooding, and may extend back from the bayous for as far as five miles. The area behind these natural levees is mostly swamp, largely uninhabited except for an occasional hunting camp. SLECA's role, then, has been merely to serve these high ground areas. Although SLECA has the same obligation as all other co-ops to serve any rural resident within the service area who wants electricity, it has seldom had to extend its lines into these unprofitable remote areas.<sup>100</sup> So, rather

<sup>98</sup> SLEMCO collected \$5,421, 194 in large industrial sales in 1980. SLECA collected 4,023,348. SLEMCO sold 1,015,062 total megawatts in 1980; SLECA sold 326,333. REA, Annual Statistical Report, 1980, 68.

<sup>99</sup> Ibid., 68. Teche Electric is second with ten consumers per mile. ibid., 68.

<sup>100</sup> Interview with Rickie Pietre., January 17, 1983, Houma, Louisiana.

than distinctive personalities, it has been the economic factors of the oil and gas boom in the area, coupled with its geographic situation, that gives SLECA its distinction.

The growth in SLECA's service area is extensive. Northern Terrebonne Parish, eastern St. Mary Parish, and parts of Lafourche Parish are booming. Since the mid-seventies, the oil and gas industry has not only brought in industry and people, but economic growth as well. The per capita income for those three parishes is among the highest in the state, and all three have had a ten-year increase in per capita income of over 100 percent.<sup>101</sup> But without SLECA, the situation might be different today. Certainly, if oil and gas is discovered and demand is high, the big oil companies will not be held back by a lack of electricity. But SLECA has made the job easier and less expensive than if the oil companies had had to generate their own power or pay high prices for LP&L hookups off the utility's main lines. The companies that support the oil and gas industry have also had an easy time thanks to SLECA; co-op lines were already built in the area where much of the support industry is located.

The early organizers of SLECA were C. C. Couvillion, the county agent for Terrebonne Parish, and Owen Walther from Gibson. Walther was to become the first president

<sup>101</sup> Calhoun, Louisiana Almanac, 110, 428.

of SLECA. He was a consulting engineer for a Washington-based firm that had installed the first air-conditioning system in the United States Capitol. He had also worked for the Hershey Company in Hershey, Pennsylvania. Walther and Couvillion were influential community leaders as were the other co-op founders: Aubin Buquet was a wealthy sea-food businessman from Dulac; W. C. Cooke was a wealthy planter; Karl Geist was a German immigrant living near Houma; John Mouman was a wealthy sugar planter from Theriot; Albert Thibodaux was a successful farmer from the Bayou Blue area; Robert Marcel was from Amelia, J. H. Morrison was from Mathews, and J. B. Hill from Raceland. All were prominent citizens and influential local leaders.<sup>102</sup>

Those early leaders are gone, but one founder remains, Claude Duval--and he is still going strong. When the co-op was organized in 1938, Duval was an eager young attorney less than one year out of Tulane. He and his partner, Ashby Pettigrew, signed on as the co-op's lawyers, acquiring the position by something like default. "We were the youngest, least knowledgeable attorneys around," Duvall recalls. "The other attorneys declined to represent the co-op, I think, in part, because they didn't think it would amount to anything."<sup>103</sup> The co-op, of course, was a success, and

<sup>102</sup> Interview with Claude Duval, February 14, 1983, Houma, Louisiana.

<sup>103</sup> Ibid.

so was Duval. He went on to become a prominent Houma attorney, and, from 1967 to 1980, he was a state senator from the Houma district. He is still SLECA's attorney, after forty-five years.

SLECA had a precarious beginning. After the usual process of organization, REA was contacted and a representative was sent from Washington to assess the feasibility of the program. The representative found it unacceptable. But like SLEMC0, where a similar situation had occurred, the organizers appealed, and their application was finally approved. Their first loan, in the amount of \$110,600, was received in October, 1938. They set up shop in an old two-room shotgun house on East Park Avenue in Houma.<sup>104</sup> They were in business.

As the co-op's lawyers, Duval and his partner were busy from the start. But Duval's participation in SLECA's early years went beyond his services as the organization's attorney. Aside from his legal duties, Duval soon found himself sorting out rights-of-way. The employees had done a poor job of keeping records and no one knew what rights-of-way had been obtained where. Duval then got involved in obtaining the rights-of-way himself, going from house to house, explaining what a co-op was, and how it would affect the residents and their entire area--he was a salesman.

<sup>104</sup> Ibid.; Watts Line, April, 1982, 1; Rural Louisiana, May, 1960, 8.

The board-of directors, evidently with no other prospects for manager, and seeing Duval's youthful enthusiasm, named him to the position. This, Duval recalls, was in May of 1938. He was only twenty-five.<sup>105</sup>

Obtaining rights-of-way was not always easy. It would seem that the desire for electricity, the desire to finally enter the modern world of convenience, would easily outweigh any apprehension about lines, poles, or workers on their property. But, for whatever reason, a farmer occasionally refused electricity. In one area near Bayou Louis, Duval recalls, a group of farmers had gotten together to keep SLECA from obtaining rights-of-way--they did not want the co-op to build on their land. The group had a ring leader, and if he could be convinced, Duval thought, the others would easily agree. Several of the co-op's board members--influential men--had had no luck with the man. Duval went out, talked to the man's wife, and settled the problem. The entire area came along within a few days. A bit of pressure in the right place can make all the difference.<sup>106</sup>

In August, 1938, the board of directors chose Nolin Cunningham to relieve the overworked Duval as manager. Cunningham began linebuilding, first near the Bayou Blue area along Highway 90, then south toward the source of

<sup>105</sup> Interview with Duval, February 14, 1983.

<sup>106</sup> Ibid.



power at Houma. In the midst of construction an unusual incident occurred: "lo and behold," Duval recalls, "LP&L started putting up a line on the other side of the highway." The law was first-come-first-serve, so Duval and Cunningham picked up the gauntlet: "So I told Nolin, 'let's go!'" And they did; the race to Houma was on. Both crews worked into the nights, setting poles as fast as they could dig the holes. Edgar Chaney at Teche Electric in Jeanerette sent two trucks and as many crewmen as he could spare to help. "We had to get our poles and lines up to be able to have that territory," Duval remembers. The line was energized in October, 1938. SLECA won the race, and claims the territory today.<sup>107</sup>

SLECA bought its first power from the city of Houma in 1938. By 1946, Houma wanted out of its contracts, claiming a lack of generating capacity to serve the co-op, and a low return on investment. Duval represented SLECA before the Public Service Commission, arguing that a contract had been negotiated and that Houma was legally bound to continue the service. Duval and SLECA won the point, but immediately entered into a contract with LP&L, letting Houma off the hook.<sup>108</sup>

<sup>107</sup> Ibid.; interview with Pietre, January 17, 1983; interview with Chaney, July 23, 1982; Rural Louisiana, May, 1960, 8.

<sup>108</sup> Interview with Duval, February 14, 1983.

It was at the beginning of the post-war period that industry began moving into the Houma-Morgan City area, although it would be another twenty-five years before the oil and gas industry would hit full stride. Possibly seeing the potential for the area, and seeing that SLECA had become a successful endeavor, LP&L attempted a buyout of the co-op in 1948.<sup>109</sup> Duval again took up the gauntlet thrown down by LP&L.

"We had a dead dog fight. We bought radio time, we bought newspaper ads. We went at it. And we ended up whipping the hell out of them." The final blow came when Duval had the by-laws changed to make it nearly impossible for LP&L to buy SLECA. As of 1948, a majority of the membership, and not merely a majority of the quorum, was necessary to sell any or all of the co-op's property.<sup>110</sup>

SLECA has gone through some riotous times. When it began, the area to be served contained little more than a few fishing villages and cane fields in south Louisiana. Today, it serves a smattering of boom towns among the oil and gas platforms in the Gulf of Mexico. SLECA has not only kept up with the boom, it has helped to foster it. It is not at all the quiet uneventful co-op that it appears to be.

<sup>109</sup> Ibid.; N. J. Cunningham to Allen Ellender, June 15, 1949, Ellender Papers, Box 9, Allen Ellender Library, Nichols State University, Thibodaux, Louisiana.

<sup>110</sup> Interview with Duval, February 14, 1983.

Washington-St. Tammany Electric Cooperative  
Franklinton, Louisiana

What is taking place in the Washington-St. Tammany service area, while possibly not as glamorous as the oil and gas boom near Houma and Morgan City, is certainly as dynamic. The Washington-St. Tammany service area, which includes Washington, St. Tammany, and Tangipahoa parishes, is the fastest growing area in the state.

St. Tammany Parish has had an astounding population increase of more than ninety-six percent during the last decade; the population grew from 38,643 in 1970 to 110,869 in 1980.<sup>111</sup> The reason, of course, is not oil and gas, but urban sprawl. In 1955, when the Pontchartrain Causeway was built, the north-lake became a New Orleans suburb, and the population of St. Tammany Parish boomed. Slidell, on the southeastern edge of the parish, is growing even faster. It is, in fact, the fastest growing city in the state.<sup>112</sup> As New Orleans spread eastward in the Seventies into what became New Orleans-East, the city continued to spread across the east side of the lake into Slidell. These two St. Tammany towns have become suburbs of New Orleans, advertising clean air, clean water, and a general reprieve from

<sup>111</sup> Department of Commerce, Bureau of Census, Census of Population. Number of Inhabitants: Louisiana (Washington, D.C. USGPO, 1982), 9, 14.

<sup>112</sup> Ibid. 14.

the various and highly publicized problems of the city.

The Washington-St. Tammany co-op does not, of course, serve these towns, nor does it serve Bogalusa, Covington, Pontchatoula, Hammond, or other even smaller towns in its service area. But in the late Thirties and early Forties, when the co-op was just beginning, it did serve up to the city limits of these towns. Today, as a result of population growth, the towns have expanded well into the co-op's service area. Therefore, those areas served by Washington-St. Tammany include a large urban population as part of its membership.<sup>113</sup>

In 1938, when the co-op first began, very little of the three-parish area had electricity. In Washington Parish, only Franklinton, Bogalusa, and a couple of C.C.C. camps were electrified. In Tangipahoa Parish, only those towns along the Illinois Central tracks running north out of New Orleans had power. In St. Tammany, only Covington, Slidell, Mandeville, and Abita Springs had electricity.<sup>114</sup> The new co-op had a big job.

The co-op was chartered September 2, 1938. The first lines stretched 109 miles, serving 226 members from Franklinton in Washington Parish, north to Warrenton and Sunny Hill on the Mississippi border, then south to Folsom

<sup>113</sup> Interview with Lyle Killingsworth, November 20, 1981, Franklinton, Louisiana.

<sup>114</sup> Ibid.

in St. Tammany Parish, and southwest to Enon and Sun. Service was established quickly; on November 11, 1938, just two months after the first loan was received, the first lines were energized, and rural residents in Washington and St. Tammany Parishes received electricity for the first time. About one year later, Tangipahoa Parish was brought into the co-op's service area.<sup>115</sup>

The first manager was N. W. Taylor. As was the case at several other co-ops in the state, the first manager was more of a lineman than an engineer, usually replaced once the system was energized and the co-op got on its feet. But in this case, Taylor remained on at the co-op for a number of years as a serviceman. The second manager was S. J. MacMahon, who remained at the post until 1947 when the current manager, Lyle Killingsworth, was given the job.<sup>116</sup>

Killingsworth came to Washington-St. Tammany in 1941 as a serviceman, worked his way up to operations superintendent in 1943, and then to manager in 1947. He has since been regarded by several of the state's managers as one of the best managers in Louisiana, by at least one as one of the best in the nation.<sup>117</sup>

<sup>115</sup> Ibid.; Rural Louisiana, May, 1960, 8.

<sup>116</sup> Interview with Killingsworth, November 20, 1981.

<sup>117</sup> Ibid.; interview with Mark Bonner, July 29, 1982.

Killingsworth has a statistical bent. In fact, he seems to be as much an accountant as an engineer. Each year he reports on the financial situation of the co-op to his members through the statewide's organ, "Rural Louisiana." He has recently begun using easily understood graphs and charts to show each year's progress.

Killingsworth's attitude toward the co-op system is the attitude of many of the early members. It is an understanding of membership ownership; it is an understanding that possibly only someone who participated in the early stages of the co-op can have, someone who saw darkness come to light:

I feel that this is something that belongs to the people; they control it. If we specialize in anything at all, it's providing service for the rural people. . . . It's still possible [for] a person to build a home two miles from a power line [and still get electricity]. I just feel that it's a lot of difference in having the owner, the consumer, and the operator all the same person . . . from having an investor own it [who is] looking toward making a profit. . . . 118

Killingsworth would never deny the right of the investor-owned utilities to make a profit, but it was that right that kept electricity out of the rural areas until the advent of REA. When Killingsworth was a boy in Jefferson County, Mississippi, he recalls one of those incidents that touched and shaped the lives of so many co-op leaders in Louisiana and the nation:

118 Interview with Killingsworth, November 20, 1981.

I remember my father and others trying so hard to get Mississippi Power and Light Company to build a line into the rural area, and they wouldn't consider it even with the people paying the cost of the line.<sup>119</sup>

Killingsworth became the co-op's manager just as the war broke out, when times were lean for the co-ops due to the lack of building materials. But after the war, the post-war boom snapped the economy back. The demand for electricity in rural areas was high, and Washington had the money to lend. Line-building was furious. In the Washington-St. Tammany service area, the post-war growth brought conflict with LP&L. Both were expanding rapidly, trying to tie up as many areas as possible by moving into settled areas, or into areas that might develop in the future. At one point, Killingsworth remembers, LP&L simply built lines along all the public roads, whether there were houses on those roads or not. Often the lines would never be hooked into a substation, never even energized; they simply served to tie up areas. At one point, LP&L's zealotry backfired. An inexperienced manager, hoping to get a jump on the co-op, tied up a large section of woodlands in Washington Parish. The woodlands, it turned out, belonged to the Crown-Zellerbach Company and the area has never produced anything but trees.<sup>120</sup>

<sup>119</sup> Ibid.

<sup>120</sup> Ibid.

"We called them races at the time," says Killingsworth, recalling the competition with LP&L, "we'd work at nights at times. We would have large areas staked and on contract, and if they could beat us into these areas, they would. We beat them into a big part of the area, but," he added, "they also beat us into large areas."<sup>121</sup>

Today, of course, this kind of activity is a thing of the past, partly because of the lack of such potentially productive areas and partly because of various laws passed in the Sixties that more accurately defined spheres of control. These laws have been important in the conflict between the co-ops and the investor-owned utilities; they are worth a separate discussion later.

Today, Washington-St. Tammany serves over 21,000 consumers, the third largest in the state. And this number can be expected to climb rapidly throughout the 1980s.<sup>122</sup> The growth of St. Tammany Parish, and to some extent Tangipahoa Parish, is the most distinctive characteristic of the Washington-St. Tammany co-op. The co-op, of course, has had to match that growth, keeping up, expanding as the population expands. Washington-St. Tammany's guiding light, Lyle Killingsworth, has directed that expansion through the years, while upholding an undying faith in the cooperative concept that only a founder can have.

<sup>121</sup> Ibid.

<sup>122</sup> Ibid.



Like many other leaders in the Louisiana co-op movement, Killingsworth will soon relinquish his role to a younger man. If he and those other founders on the verge of retirement take with them their philosophy, if the idea of member-ownership dies with them, the movement itself might lose its purpose.

Claiborne Electric Cooperative  
Homer, Louisiana

Claiborne Electric began much as did the other co-ops in the state. Local leaders needed electricity, and they wanted others to have it. They organized, contacted Washington, and collected memberships. The only difference is that at Claiborne Electric there is no one still living who can recall these events. Only a few official records and some secondhand information hold the story.

It is hard to tell who brought it all together, who that one person was who conceived the idea, contacted the other leaders, and threw his weight behind the program from the start. There was one man, though, whose name seems to stand above the rest in those early years, who served as the co-op's first employee, and then as the first manager: William M. Rainach. Willie Rainach, as he was more commonly known, went on from his interest at the Claiborne co-op to advance (some might say "regress") into the hotbed of Louisiana politics at a time when it was at its hottest.

Rainach may have done a lot to bring electricity to

the rural people of north central Louisiana, but he was not one of Louisiana's most venerable political stars. During his time in the State Senate, 1940-1959, he organized and chaired the Joint Legislative Committee on Segregation, whose job it was to circumvent desegregation and outlaw the NAACP.<sup>123</sup> He also formed Louisiana's first White Citizen's Council in Claiborne Parish in 1955. Within four years, he had advanced to the head of a statewide White Citizens Council which he had also organized. The purpose of these groups was to unofficially resist desegregation.<sup>124</sup> In 1959, Rainach ran for governor on a wholly racist ticket, addressing his campaign to little else. Earl Long had said that a gubernatorial candidate in Louisiana could not win an election using race as an issue, and he was right; Rainach finished a poor third behind Jimmy Davis and deLesseps Morrison in the Democratic primary.<sup>125</sup> After the election, Rainach faded from the public eye, but while he was there, he and his friend, Judge Leander Perez, kept Louisiana's disreputable segregationist politics in the national press.

<sup>123</sup> Glen Jeansonne, Leander Perez, Boss of the Delta (Baton Rouge, Louisiana State University Press, 1977), 231.

<sup>124</sup> Ibid., 235.

<sup>125</sup> Perry Howard, Political Tendencies in Louisiana (Baton Rouge, Louisiana State University Press, 1971), 340; Calhoun, Louisiana Almanac, 348.

But as far as Claiborne Electric was concerned, Rainach played an important role in its organization. He was an early leader whose energy breathed life into a co-op that otherwise might have died. On January 10, 1939, four months after the organizational meeting, the board of directors met for the first time with W. O. Coe, an REA representative from Washington. The directors had not been informed of the 2.5 meters-per-mile rule and were told by Coe that REA would not support the program unless more members were enrolled. The board then turned to the person they felt had the ability to sign up enough new members to make the program work: Rainach. "After a full discussion, it was decided that it was to the best interest of the corporation that Mr. Wm. Rainach, who had heretofore been devoting considerable amount of time, be engaged to spend more time and use his best efforts to secure a sufficient number of members. . . ." Rainach was to be paid \$250 per month to marshal his "best efforts," and get the co-op off the ground.<sup>126</sup>

Apparently Rainach was successful. On June 3, 1939, a loan contract was drawn up between Claiborne Electric and REA for \$175,000, and Rainach was hired as the first manager. On December 16, 1939, it was proudly entered into the minutes: "Be it resolved: The lines of Claiborne

<sup>126</sup> Claiborne Electric Co-op, "Minutes," January 10, 1939.

Electric have been energized. . . ."<sup>127</sup>

On that same day, Rainach announced to the board that he intended to be a candidate for the State Senate and offered his resignation to be effective as soon as a suitable replacement could be found. The board was concerned that they "should prevent anyone from using the cooperative as a political stepping stone," but entered into the record their satisfaction that Rainach had not done that.<sup>128</sup> But contact with a good portion of the Thirty-Sixth Senatorial District certainly did not hurt his campaign. On May 4, 1940, Rainach resigned and headed down the bumpy road of Louisiana politics, and out of the history of Claiborne Electric.<sup>129</sup>

The co-op was organized at its first meeting, September 14, 1939, at the law offices of Meadors and Ginsler in Homer.<sup>130</sup> The group met there for a number of years, then rented office space in Homer until building its current offices in 1948.<sup>131</sup> As is usually the case, those present at the meeting became the board of directors.

<sup>127</sup> Ibid., June 3, 1939; ibid., December 16, 1939.

<sup>128</sup> Ibid., December 16, 1939.

<sup>129</sup> Ibid., May 4, 1940.

<sup>130</sup> Ibid., September 14, 1939.

<sup>131</sup> Interview with Elmer Poss, April 1, 1983; Homer, Louisiana. The current building has been expanded six times. Ibid.

At the next meeting, five days later, L. Almond was elected as first president. Almond was a farmer from near Minden. The vice-president, J. Burnett, was from near Haynesville in north Claiborne Parish. J. H. Odom, also from near Haynesville, signed as the first secretary. He was a prominent farmer and merchant. Also on the first board was R. L. Hays from near Athens, S. P. Meadors from near Homer, and Rainach from Summerville.<sup>132</sup>

When those first 131 miles of line were energized in December, 1939, parts of three parishes received electricity: Claiborne, Webster, and Bienville. Today, Claiborne Electric serves those three parishes in addition to Union, Lincoln, and a small part of Ouachita. The areas served by the first lines were out of Homer north toward Camp and Colquitt, northwest to Blackburn, Leton, Shongaloo, and then north to Old Shongaloo on the Arkansas border.<sup>133</sup> At one point in late 1940, Claiborne tried to expand into southern Arkansas. But Arkansas Power and Light objected so strenuously that expansion had to be called off, and the co-op had to refund a large amount of collected membership fees to the southern Arkansas residents.<sup>134</sup>

<sup>132</sup> *Ibid.* Claiborne Electric Co-op, "Minutes," September 14, 1939. Rainach was a butane appliance salesman in Summerville--interview with Poss, April 1, 1983.

<sup>133</sup> Interview with Poss, April 1, 1983; Claiborne Electric Co-op, "Minutes," May 25, 1939.

<sup>134</sup> Claiborne Electric Co-op, "Minutes," August 17, 1940.

On January 20, 1940, Almond stepped down as president, and Mrs. M. D. Wren was elected. Almond himself nominated her and continued to serve on the board, so there was no power struggle.<sup>135</sup> It was very unusual for a woman to serve as president of a co-op in Louisiana. Often women served as board members in the early years, but they were usually home demonstration experts who traveled in the areas explaining the various uses of kitchen appliances. Mrs. Wren must have been exceptionally competent to be elected to such an important position at a time when women were seldom allowed to achieve such status.

Wren remained president for just over a year and was then replaced by Odom. He served as president until 1954, when he and several of the directors were dressed out of office by an irate group of misinformed members. They felt that the board was doing a poor job because after fifteen years, the co-op was still not paid off. Odom, in turn, refused to defend himself and the co-op. A group formed in opposition, and, with a misconceived notion of the nature of the co-op system, sent the founders packing. Almond, it seems, was wise enough to see it all coming and resigned before he was asked to.<sup>136</sup>

Rainach was succeeded as manager by Albert Aymond,

<sup>135</sup> Ibid., January 20, 1940.

<sup>136</sup> Ibid., February 12, 1941; interview with Poss, April 1, 1983.

who served only until October, 1940.<sup>137</sup> Thomas Stevenson took the job until September, 1954, when he became a casualty of the incident of that year which removed the original board of directors. Orval Crouch followed him.<sup>138</sup> In 1973, the current manager, Elmer Poss, took over the position. Poss has an unusual background for a Louisiana co-op manager. First of all, he is from Kansas. Secondly, his background is in accounting, and not electrical engineering. After he completed a two-year business college curriculum in Lawrence, Kansas, he went to work for the War Department in Washington. After one year there, he transferred to REA, spent four years in the service during the war, and then returned to REA, where he remained until 1949. His job was to audit the co-ops in the four-state area of Arkansas, Missouri, Oklahoma, and Louisiana. He had not had the occasion to audit Claiborne Electric before he came to work there in 1949 as office manager. "I'd never even heard of Homer. I accepted the job by telephone." From office manager he advanced to assistant manager in 1965, and finally to manager in 1973.<sup>139</sup>

The area served by Claiborne Electric has a few distinctions worth mentioning. Row crop farming has been

<sup>137</sup> Claiborne Electric Co-op, "Minutes," May 4, 1940.

<sup>138</sup> Rural Louisiana, May, 1960, 8.

<sup>139</sup> Interview with Poss, April 1, 1983.

replaced by cattle and broiler raising and dairy farming. An occasional ice storm has wrought havoc to the co-op over the years, much as the occasional hurricane keeps the co-ops in south Louisiana from letting their guard down. The population of the area has decreased dramatically over the past few years, as the young people have beaten a path to Houston, New Orleans, and other urban centers where jobs are more plentiful than on the north Louisiana prairie. This has left a large population of low-income elderly people in the Claiborne service area, most of whom use very little electricity. The average residential consumption of electricity is the second lowest in the state. Consequently, the Claiborne management must count every penny.<sup>140</sup>

Bossier Rural Electric Membership Co-op  
Bossier City, Louisiana

The most distinctive characteristic of Bossier Rural Electric membership Co-op (BREMCO) is its independence, even isolation, from the other co-ops in the state. This is partly because BREMCO is situated at the opposite end of the state from Baton Rouge, the power center for the state's co-op system. Of course, with today's rapid

<sup>140</sup> Ibid. The average monthly consumption of kilowatt hours in the Claiborne area is 787. Only Pointe Coupee Co-op is lower with 757. The average monthly consumption of kilowatt hours throughout the state is 988. REA, Annual Statistical Report, 1980, 68-70.



transportation and communications, contacts with the Baton Rouge offices are virtually around the corner compared to just a few years ago. But over the past decades, when transportation and communication systems were less convenient, BREMCO developed independently of the others. Also, during the battles of the Sixties and Seventies for the right to generate power, BREMCO was not quite as interested as were the other co-ops. They had had few problems with the investor-owned utility in their service area, their rates were low, and, to them, generation did not seem a real necessity. BREMCO had been purchasing power from the Southwestern Electric Power Company (SWEPCO) since the beginning of its operation in 1939. SWEPCO is located in Shreveport, but its main service area is Texas and Arkansas. It has, over the years, had very few dealings with the other Louisiana investor-owned companies. In fact, even today, SWEPCO is not interconnected with the Louisiana power pool. When all the fighting was being waged between the co-ops and the other companies in the state, SWEPCO stayed out and, to some extent, so did BREMCO. Today, all of the state's power is dumped into one large pool in the state. All the groups draw from it for their own needs, including the investor-owned utilities, the co-ops, and most municipal systems--but not SWEPCO and BREMCO. Because SWEPCO is not tied in to this pool, BREMCO must still buy most of its power, about eighty-five percent. from SWEPCO; it is

the only co-op in Louisiana to do so. Both BREMCO and SWEPCO are, to some extent then, independent of the rest of the state. The old Louisiana adage that the northwest part of the state is more a part of Texas than Louisiana holds true, at least in this case.<sup>141</sup> There is, though, a significant exception to this. Charles Roemer, the chairman of the BREMCO board from the mid-Sixties until the early Eighties, was a leader in the statewide movement and in the G&T project. In fact, he was one of the most important leaders in both programs. In that position, he was able to close the gap between BREMCO and the other co-ops, but, despite his influence, BREMCO has maintained an independent attitude due mainly to the SWEPCO connection and its isolation in northwest Louisiana from the other co-ops.

Despite this independence, though, BREMCO is a member of the G&T association, and, as such, is obligated to charge its members the same rates charged by the other distribution co-ops in the state. BREMCO's rates over the past few years have been as high as two and one-half times SWEPCO's rates, a disparity greater than the other co-ops have had to endure compared to the investor-owned utilities in their areas.<sup>142</sup> The result has been a consumer revolt

<sup>141</sup> Interview with Robert Southworth, Bossier City, Louisiana, October 3, 1983.

<sup>142</sup> Ibid.

that began at BREMCO and spread throughout the state. It has even most recently led to legislation to regulate the co-ops. All of this started at BREMCO in February, 1981.

It was in that month that the SWEPCO-BREMCO rate disparity made the fateful jump to 250 percent. Elaine McLemore, one of BREMCO's member services officers, went to Elm Grove, a small town in south Bossier Parish, to answer a complaint from what she thought was one or two members. She was met by an angry mob of twenty. Several days later, she and other BREMCO employees met a crowd 200-strong--the Concerned Consumers Committee. At this meeting Foster Campbell, a state senator from the Thirty-Sixth District, Elm Grove citizen, and BREMCO member, fanned these fires of discontent all the way to Baton Rouge. By the 1983 legislative session, he had turned this local restlessness into a movement, and eventually into a bill to place the co-ops under the regulative umbrella of the Public Service Commission. Locally, the group organized, raised money, and hired lawyers and auditors. In the summer of 1981, they voted to replace three of the nine board members, and, in addition, were able to recall two others for re-election, including Charles Roemer. Roemer had been one of the co-op's principal leaders since the early Fifties, and had gone on to manage Edwin Edward's 1975 campaign for governor, and then to become Edward's Commissioner of Administration. In 1981, when the demonstration occurred at BREMCO, Roemer was falling from his position as the

state's second most powerful person to one of its least powerful. He was indicted and eventually convicted in the FBI's "BRILAB" investigations that landed him in prison, along with New Orleans mafia figure Carlos Marcello, for accepting insurance kickbacks. Busy fighting this charge, Roemer stepped down rather than face defeat. The other board member brought up for election by this recall petition was able to escape defeat, but in 1982 he chose not to push his luck, and resigned. The manager, D. L. Knight, took a job with the National Rural Electric Cooperative Association in Bangladesh. Apparently, he wanted to get as far away as possible from BREMCO consumers. According to McLemore, "he'd had all he could take."<sup>143</sup>

The revolt has subsided considerably in the last few months, according to the present manager, Robert Southworth, and McLemore. SWEPCO's rates have begun to rise, and today they are only about forty percent below BREMCO's. The future for the co-op, according to its employees, is that prices will be higher than SWEPCO's until the turn of the century, but that about 1990, the gap will begin to close. By 1995, the two will be less than one cent per kilowatt hour apart.<sup>144</sup>

This consumer fight is interesting, but the co-op does

<sup>143</sup> Interview with Elaine McLemore, October 3, 1983.

<sup>144</sup> Ibid.; interview with Robert Southworth, October 3, 1983.

have a past, as well as a present and a future. The co-op began with its first meeting at the parish courthouse, at the Bossier Parish seat in Benton, on June 10, 1939. It was called by J. H. Messer, who was elected chairman and then president. The secretary-treasurer was Mrs. S. W. Martin. There were eleven board members, most of them from Bossier Parish. Four of the group represented Plain Dealing, Louisiana, a small town in the hills of north Bossier Parish.<sup>145</sup> At the second meeting, a year later, they selected a manager, B. H. Allen, and agreed to borrow \$104,000 from REA for 113 miles of line. Allen traveled to Valley Electric in Natchitoches to get some tips on how to get the project moving.<sup>146</sup> By August, Allen had the entire 113 miles staked and ready for construction.<sup>147</sup> By December 8, 1939, he had announced that a few miles of line had been energized, and that all the lines would be on within a week.<sup>148</sup>

Smith stayed on until 1941, but it is nearly impossible to determine from the minutes the succession of managers after that. The secretaries, over the years, simply referred to the managers in the minutes as "the supervisor," and they

<sup>145</sup> Bossier Rural Electric Membership Co-op, "Minutes," June 10, 1938.

<sup>146</sup> Ibid., May 30, 1939.

<sup>147</sup> Ibid., August 25, 1939.

<sup>148</sup> Ibid., December 8, 1939.

never recorded changes from one manager to the next. But in Rural Louisiana, beginning in 1952, the managers of the co-ops are listed each month. In that year, Ralph Gravelle was manager at BREMCO.<sup>149</sup> He was replaced in 1956 by Haskell Walker.<sup>150</sup> Tony Cox came in 1958, and he was followed by D. L. Knight in 1964.<sup>151</sup> In December, 1981, the current manager, Robert Southworth, took over the position.<sup>152</sup>

BREMCO's service area is all of Bossier Parish, and parts of Webster, Bienville, and Red River parishes. Its office is located just across the Red River from Shreveport in Bossier City, the fastest growing area in North Louisiana. Bossier City itself has a twenty-seven percent growth rate, compared to Shreveport which is growing at seventeen percent.<sup>153</sup> Of course, BREMCO does not serve Bossier City, but that city's growth reflects the co-op's growth. The average growth rate for the four-parish service area is a healthy 5.2 percent.<sup>154</sup> The co-op itself has had an 84.7 percent consumer growth rate since 1960.<sup>155</sup>

<sup>149</sup> Rural Louisiana, January, 1952, n.p.

<sup>150</sup> Ibid., January, 1956, n.p.

<sup>151</sup> Ibid., January, 1964, n.p.

<sup>152</sup> Interview with Southworth, October 3, 1983.

<sup>153</sup> Calhoun, Louisiana Almanac, 167-168, 111, 114.

<sup>154</sup> University of New Orleans, et al., 1981 Statistical Abstract of Louisiana (7th ed., 1982), 4-5.

<sup>155</sup> REA, Annual Statistical Report, 1980, 69; ibid., 1960, 77.

BREMCO's future can only improve over its immediate past. The new bill that might place BREMCO and the other state co-ops under the PSC would be, according to BREMCO officials, a welcomed relief. All the blame for high rates could then be placed on the shoulders of the PSC, and that would take much of the pressure off BREMCO. It is obvious that the revolt took its toll. "It's not something I'd like to live through again," states McLemore.<sup>156</sup> There are even some hard feelings between BREMCO and the Baton Rouge office. According to Southworth and McLemore, had the G&T group been willing to allow BREMCO to lower its rates, establishing parity with SWEPCO at least for a short time, this entire problem could have been killed at birth.<sup>157</sup> The pressure would have been eased on BREMCO, and the uprising would not have spread and ended in state rate regulation.

BREMCO is not particularly proud of its position as the place where a statewide, anti-co-op, consumer revolt began, but, as BREMCO personnel see it, the rate gap between themselves and SWEPCO made such a conflict inevitable. They even hold a great deal of sympathy for their consumers.

<sup>156</sup> Interview with McLemore, October 3, 1983.

<sup>157</sup> Ibid.; interview with Southworth, October 3, 1983.

Pointe Coupee Electric Co-op  
New Roads, Louisiana

It is difficult to examine the thirteen co-ops in the state and find something distinctive for each. But for Pointe Coupee, the job is easy. First of all, Pointe Coupee is very small. Two other co-ops in the state serve fewer consumers, Teche Electric and Jeff Davis, but none sells less electricity. Pointe Coupee's megawatt sales for 1980 was only 93,621. By comparison at the other end of the scale, SLEMC0, the largest in the state, sold nearly eleven times that in 1980. Dixie Electric, just across the river, sold nearly seven times as much.<sup>158</sup> Pointe Coupee also has one of the state's lowest consumer growth rates, at only ninety percent since 1960.<sup>159</sup> All of this, of course, is not to say that the people at Pointe Coupee are not doing their jobs. The three parishes served by Pointe Coupee--West Baton Rouge, Pointe Coupee, and part of Iberville--are small, although there is some growth. West Baton Rouge Parish is growing at a rate of 7.6 percent, while Pointe Coupee is growing at a 3.2 percent rate. Iberville Parish, though, is stable.<sup>160</sup>

Another significant statistic is that Pointe Coupee serves nearly ten consumers per mile. Only SLECA and

<sup>158</sup> REA, Annual Statistical Report, 1980, 68.

<sup>159</sup> Ibid., 68.

<sup>160</sup> UNO, 1981 Statistical Abstract, 4-5.



Teche Electric serve more.<sup>161</sup> In all three co-ops, it is not the case that the rural population is numerous, but that it is condensed. Over the years, settlements have sprung up along the high ground on either side of the bayous, and between the swamplands. In Pointe Coupee, much of the population is along the Mississippi River in small towns such as Brusley, Bayou Goula, and Addis. Many of these towns existed in another age as river towns, making their livelihood from the river's commerce. Today, the towns remain in existence, but the river commerce has vanished.

It might seem that of the three parishes served by Pointe Coupee, West Baton Rouge would have the largest population, since it is an industrial suburb of Baton Rouge, the fastest growing city in the state. But West Baton Rouge Parish has a small population; it is, in fact, the smallest of the three. Iberville Parish has nearly twice the population of West Baton Rouge Parish.<sup>162</sup> The problem, if it is a problem, is that Port Allen, the principal town on the west side of the river, has never become a bona fide middle-class suburb of Baton Rouge, as Algiers or Gretna have become of New Orleans; and hence the suburban growth across the river has just never begun.

<sup>161</sup> REA, Annual Statistical Report, 1980, 64.

<sup>162</sup> UNO, 1981 Statistical Abstract, 4-5.

Furthermore, West Baton Rouge Parish has become industrial, and that seldom sets the stage for growth in suburban living. Also, the industry that has come into West Baton Rouge, principally the chemical industry, is chiefly capital intensive, hiring only a few engineers here and there, most of whom are more comfortable commuting from the East Baton Rouge Parish suburbs, east of the city.

Most visitors to the Pointe Coupee service area will recall sugar cane. It covers the fields throughout the summer, and it seems to be the main activity at November harvest time when travel is difficult because of slow-moving sugar cane wagons. But recently, sugar cane has moved far down the list in agricultural production in this area. As with most sugar producing areas in the state, soybeans have taken over as a better provider, while sugar has gone to the wayside. In fact, in Pointe Coupee Parish, sugar ranks third behind soybeans and cattle. But sugar milling still remains the chief industry.<sup>163</sup>

One unique characteristic of Pointe Coupee is its manager, A. A. Robinson, best known as "Bubba." In 1937 he was elected to the co-op's first board of directors, at age twenty-two. Two years later, the manager that Robinson had helped hire as a board member was killed in an electrical accident. Robinson agreed to take over the

<sup>163</sup> Calhoun, Louisiana Almanac, 194-195.

position. It was 1939, and he was twenty-four. He is still there today. No one in the nation, he says, has been a manager longer--forty-four years.<sup>164</sup>

Robinson was born and raised in Jackson, Mississippi, and attended Millsaps College there before moving to Pointe Coupee Parish in the mid-Thirties. He moved on to 2,000 acres of family-owned property there; most of it was shared out to about twenty-five tenant families. He had just been married, and one of his chief concerns was that he and his wife would have to contend with an unelectrified farm.<sup>165</sup>

Robinson was on the co-op's first board of directors that met in June, 1938, in the town of Lettsworth on the Texas and Pacific Railroad line in northern Pointe Coupee Parish. The organizer was A. B. Curet, the county agent for the parish. He called together the most prominent local citizens, nine in all, and Robinson was one. Apparently, the group saw some eagerness in this young man and elected him chairman at the first meeting. He then went on to become manager, an unusual move for a board member.<sup>166</sup> The first loan was for \$124,000 for 125 miles of line,

<sup>164</sup> Interview with A. A. Robinson, New Roads, Louisiana, September 11, 1980; Rural Louisiana, May, 1960, 9; ibid., November, 1959, 7.

<sup>165</sup> Interview with Robinson, September 11, 1980; Rural Louisiana, May, 1960, 8.

<sup>166</sup> Ibid.

serving 504 consumers.<sup>167</sup>

If there is any co-op in the state that has been dominated by one man, it is Pointe Coupee. Robinson has a dynamic, forceful personality that has, over the years, allowed him to govern not only Pointe Coupee but, to a great extent, both the statewide and the G&T program in Louisiana. He is considered a big thinker, unconcerned with details, strong-willed, and even a bit dictatorial.<sup>168</sup> Certainly without him, the statewide organization and the G&T program would never have gotten off the ground. In 1959, he was elected to the presidency of the statewide, and that job led to the presidency of the G&T federation.<sup>169</sup> His terms in various offices have not been without controversy, but his influence, over the years, has been substantial. Bubba Robinson has been Pointe Coupee, and, to a lesser extent, he has been one of the principal leaders in the Louisiana co-op movement.

<sup>167</sup> Rural Louisiana, May, 1960, 8.

<sup>168</sup> Interview with McVea, July 13, 1982; interview with Robbins, August 9, 1982.

<sup>169</sup> Rural Louisiana, November, 1959, 7.

Beauregard Electric Co-op  
DeRidder, Louisiana

Several co-ops in the state, over the last two decades, have been growing very fast, particularly Dixie Electric with a 213 percent rate of consumer growth since 1960, and SLECA, with 204 percent.<sup>170</sup> Both of these co-ops are growing for obvious reasons. Dixie is expanding with Baton Rouge, while SLECA is benefiting from the industry that has developed around the oil and gas fields near Houma. Beauregard Electric is the third fastest growing co-op in the state with a 164 percent rate of growth since 1960.<sup>171</sup> But at Beauregard, the reason for the growth is not as obvious. Of course, the area is growing. Beauregard Parish is the fourth fastest growing parish in the state, and Calcasieu Parish is also growing rapidly. The other parishes, though, in the Beauregard service area are growing more slowly, some are even losing population.<sup>172</sup> So, why are Beauregard and Calcasieu parishes growing so rapidly? The answer for Calcasieu is simple: Lake Charles is growing, and Beauregard serves the outskirts to the north of the city. This growth is rapid, particularly along U.S. Highway 171 north of the Calcasieu River toward Gillis. But it is not so simple to analyze Beauregard Parish. With

<sup>170</sup> REA, Annual Statistical Report, 78; ibid., 1980, 70.

<sup>171</sup> Ibid., 78; ibid., 70.

<sup>172</sup> UNO, 1981 Statistical Abstract, 4-5.

the exception of DeRidder and a few smaller towns, the parish is rural. DeRidder, in fact, is the only town over 5,000 in the parish. The answer might be Fort Polk, although it is located to the north in Vernon Parish, but many of the fort's military and civilian personnel live in and around DeRidder, and, with its large payroll, Fort Polk certainly has an impact on the parish and the entire co-op service area. Also, the Vietnam War brought Fort Polk to life in the late sixties and early seventies, and that would help account for the area's growth statistics for the last two decades. Possibly as many as one million soldiers passed through the barracks at Fort Polk during that period. A second reason for the rapid growth in Beauregard Parish is the lumber industry. Boise-Southern has built one of the largest papermills in the country in Beauregard Parish.<sup>173</sup> It is, in fact, the largest such plant to have been constructed in one stage. And like any large industry, it has attracted support activity, has hired people, and has generally fed the local economy. This activity has brought development to Beauregard and Calcasieu parishes, therefore, to Beauregard Electric. But ironically, the co-op does not serve Lake Charles, Fort Polk, or Boise-Southern, the three catalysts of the growth in the area.<sup>174</sup>

<sup>173</sup> Interview with Horace Wingate, DeRidder, Louisiana, September 30, 1983.

<sup>174</sup> Ibid.

The other parishes served by Beauregard Electric are parts of Vernon, Allen, Rapides, Evangeline, and Jeff Davis. All of the service area is generally agricultural, with emphasis on soybeans, timber, cattle, and rice, in that order. The topography ranges from low-lying and swampy in the south, to rolling hills in the north. In between lie the flat Louisiana prairie lands.<sup>175</sup>

The Beauregard Electric Co-op was one of the last in the state to organize and get on line. The first meeting was held in the police jury room at the parish courthouse on First Street in DeRidder on March 8, 1939. But it was nearly a year and a half later that the area's first lights were turned on. The minutes do not reveal an organizer, the one person responsible for getting the thing started. But the present manager, Horace Wingate, who came to the program in 1946, speculates that it was Rugus Morris. Morris was a member of the police jury and a prominent local figure, and since the first meetings were held in the police jury room at the DeRidder Courthouse, he may have organized the program. But if he was the organizer, he was not the first board president. That distinction went to C. F. Hennigan.<sup>176</sup>

<sup>175</sup> Ibid. Calhoun, Louisiana Almanac, 166.

<sup>176</sup> Beauregard Electric Co-op, "Minutes," March 8, 1939.

At the second meeting, held in late November, Hennigan resigned his post, along with two other board members: J. E. Cockran, and L. C. Cole. Their reasons for leaving will disappoint those who perceive the nation's co-op movement to be an idealistic, unselfish endeavor led by those with a will to help others. They left because the first lines would not connect their houses.<sup>177</sup> Possibly the program at Beauregard developed those idealistic standards without them.

The first manager at Beauregard was R. I. Davis, an instructor in electronics at Northwestern State College in Natchitoches. He left that post to pioneer the program at Beauregard in 1940. His connection to the new co-op was his cousin, W. D. West, who had succeeded Hannigan as president of the board. Wingate began at Beauregard under Davis and recalls that he was a "strongheaded, hardheaded builder, with a knack to put things together." But in October, 1941, Davis decided that the project would never get off the ground; he felt he would be better off back teaching in Natchitoches, so he quit--but his influence was far from ended at Beauregard.<sup>178</sup> The second manager was R. B. Miller. The by-laws required three nominations

<sup>177</sup> Ibid., November 21, 1939.

<sup>178</sup> Interview with Wingate, September 30, 1983; Beauregard Electric Co-op, "Minutes," October 21, 1941.



for manager's position, so the secretary entered three choices into the minutes:

1. R. B. Miller
2. R. B. Miller
3. R. B. Miller

He got the job.<sup>179</sup> Nine months later, the program had apparently turned around. According to Wingate, West worked hard and long to make the program work. He paid many five dollar fees from his own pocket, and even supervised construction. In July, he called his cousin to come back; the program would work.<sup>180</sup>

On July 3, 1942, Davis returned. He quibbled with the board a bit over his salary, but it is clear in the minutes that they were delighted to have him back. He stayed on until 1955.<sup>181</sup> According to Wingate, it is Davis who deserves the credit for putting Beauregard Electric together.<sup>182</sup>

The first lines were built south along U.S. Highway 171 toward Lake Charles. The first loan was for \$106,000 to serve some 432 Louisianians. A line was also built to the Methodist Church in Sugartown, where the first meter

<sup>179</sup> Beauregard Electric Co-op, "Minutes," October 21, 1941.

<sup>180</sup> Interview with Wingate, September 30, 1973.

<sup>181</sup> Beauregard Electric Co-op. "Minutes," July 3, 1942.

<sup>182</sup> Interview with Wingate, September 30, 1983.

was installed. The church's bill for the first year was eighteen dollars.<sup>183</sup> The co-op received its electricity from the old Longbell Lumber mill in DeRidder until about 1948 when expansion required more power than the mill could provide. Beauregard then connected to the Crosby Chemical Company, and for several years received power from both companies. It was not until the early Fifties that they began buying power from the state's investor-owned companies, principally LP&L.<sup>184</sup>

Wingate worked his way up the ladder at Beauregard. He came in 1946. Before that, he managed German prisoners-of-war at Fort Polk, where he supervised some electrical work. He began at Beauregard as a clerk, then became line supervisor, then purchasing agent, and finally assistant manager. Davis left in 1955, and was succeeded by John Sim. Sim remained on for ten years, followed by Wingate in 1966.<sup>185</sup>

Today, the co-op has grown to be the fourth largest in the state, with the third most rapid rate of growth.<sup>186</sup>

<sup>183</sup> Beauregard Electric Co-op, "Minutes," January 9, 1940; interview with Wingate, September 30, 1983.

<sup>184</sup> Interview with Wingate, September 30, 1983; interview with Almond Cole, DeRidder, Louisiana, September 30, 1983.

<sup>185</sup> Interview with Wingate, September 30, 1983.

<sup>186</sup> REA, Annual Statistical Report, 1980, 70.

To those outside that part of the state, the Beauregard Electric service area may not appear to be the state's most dynamic economic sector, but it is growing rapidly and for several reasons may sustain future growth.

Dixie Electric Co-op  
Greenwell Springs, Louisiana

Rapid growth has characterized several Louisiana co-ops, but no co-op in Louisiana is growing as rapidly as Dixie Electric. In 1960, Dixie served 12,552 consumers. By 1980, it had grown to serve nearly 40,000--a growth of nearly 220 percent. Several co-ops come in close behind, such as SLECA with just over 204 percent and Beauregard with 164 percent.<sup>187</sup> Dixie's rapid growth is, of course, due to the growth of the area it serves: East Baton Rouge Parish, East and West Feliciana, Livingston, St. Helena, and Ascension Parishes. Of those parishes, Livingston is the fastest growing, and the second fastest growing in the state, with a growth rate of 38.6 percent since 1970.<sup>188</sup> Livingston Parish is receiving the brunt of the Baton Rouge overflow and suburban rush, as Baton Rouge grows eastward along Interstate Twelve toward such rapidly growing towns as Denham Springs, Walker and Livingston. At the same time, Baton Rouge is also spreading southward.

<sup>187</sup> Ibid., 1960, 76.

<sup>188</sup> UNO, 1981 Statistical Abstract, 4-5.

into Ascension Parish, also a rapidly growing parish with a population increase of over twenty-one percent since 1970.<sup>189</sup> Much of this growth can be attributed to population movements along Interstate 10, toward Gonzales. All of this is not to exclude the growth of East Baton Rouge Parish itself. Although the population there has begun to level off in the last decade (and, in fact, is moving outside the parish borders to the east and south), East Baton Rouge Parish was, in the two post-war decades, the fastest growing parish in the state, by far.<sup>190</sup> The other parishes in Dixie's service area, those to the north of Baton Rouge, are losing population--possibly to the three rapidly growing parishes to the south.<sup>191</sup> It may seem that these no-growth areas distort Dixie's growth statistics by dragging down the statistics of the rapidly growing areas, but it is parishes of this type that co-ops like Dixie exist to serve. If it were not for Dixie, areas such as St. Helena, East Feliciana, and West Feliciana might not have lights today, or at least they would have received them later than they did. At the same time, it is the rapidly growing areas of East Baton Rouge, Livingston and Ascension parishes, with their high density and rural

<sup>189</sup> UNO, 1981 Statistical Abstract, 4-5.

<sup>190</sup> Calhoun, Louisiana Almanac, 125.

<sup>191</sup> UNO, 1981 Statistical Abstract, 4-5.

industrial loads, that allow Dixie to serve the three northern parishes in its service area.

Dixie's beginning was not much different from the beginnings of the other co-ops. It did most of the same things at about the same time. Irving Heath was the county agent for East Baton Rouge Parish in 1938. He contacted three wealthy area farmers on the East Baton Rouge Parish Police Jury: Willie Wicher, Philander Smith, and Frank Milican. They agreed to organize a co-op if the area showed an interest. These three men called a meeting at Central High School in Baton Rouge: 350 attended. Several weeks later, they all met there again. More interested people showed up, and many came ready to pay their \$5.00 membership fee.<sup>192</sup> From that, the first meeting of the "incorporators and directors" was at the law office of Fred G. Benton at the Louisiana National Bank building in Baton Rouge on August 9, 1938. Philander Smith chaired the first meeting, and Leander Hopper took the minutes. Other "incorporators" that attended were Mrs. Joe W. Annison, S. S. Lipscomb, Mrs. James E. Robinson, and Milican and Wicker. These members were to go out among the people in their areas and solicit the \$5.00 membership fee.<sup>193</sup> Over the winter, the group apparently was successful. They met again on March 13, 1939 and pooled their

<sup>192</sup> Rural Louisiana, November, 1967.

<sup>193</sup> Dixie Electric Co-op, "Minutes," August 9, 1938.

collection of \$2,500. Although it had been nine months after their first meeting, they had apparently met unofficially within that time (or possibly minutes had not been kept for intervening meetings), because they had by then made their first loan application and decided where the lines would be built. The first loan was for \$309,000 at a 2.73 percent interest rate to build 362 miles of line in East Baton Rouge, Livingston, and West Feliciana parishes.<sup>194</sup> It was board member Willie Wicker who took a train to Washington to see REA Administrator John Carmody about the loan. The meeting was arranged by the young Louisiana Congressman, Jimmy Morrison.<sup>195</sup> Also at this March meeting, Emanuel Morgan was named the first manager. Morgan, like his counterparts at many of the other co-ops, was not an engineer, but rather a contractor whose job was to build the system and get it on line as quickly as possible. Just two months later, the Dixie board, deciding it needed an engineer rather than simply a contractor, abruptly fired Morgan and hired Lynn Cook. Ten days later they accepted bids for the project and construction began.<sup>196</sup>

But just two months later, Cook resigned, and was replaced by his chief engineer, E. B. Kasiske.<sup>197</sup> In just

<sup>194</sup> Ibid., March 13, 1939.

<sup>195</sup> Rural Louisiana, June, 1973, 16.

<sup>196</sup> Dixie Electric Co-op, "Minutes," March 13, 1939; ibid., June 9, 1939.

<sup>197</sup> Ibid., August 9, 1939.

three months, he resigned,<sup>198</sup> and was replaced by Ellis B. Thompson.<sup>199</sup> This is an example of what became Dixie's most distinctive characteristic: a high turnover of managers. Over the years, Dixie has had as many as ten managers. Compared to some co-ops such as Teche, Jeff Davis, SLEMCO, and Washington-St. Tammany that have had only one or two managers in some forty-five years, it is obvious that there is something different about Dixie. The minutes reveal a very powerful board of directors. It is a group that has been in control from the beginning, has hired all employees, and has made all the decisions. This is a characteristic of Dixie to this day. Today, the President of the Board, Scott McVea, feels that managers are generally not reliable, that "there's more stability on the board than there is in the manager. They move for one reason or another, or they're forced to leave. . . . But the managers [are] not as good as the members of the board."<sup>200</sup> McVea has observed as many as eight of those ten managers of the last forty years, and his statement is an obvious reaction to that high turnover.

Finally, about one month after Thompson was hired as the fourth manager at Dixie, the first lines were energized

<sup>198</sup> Ibid., November 21, 1939.

<sup>199</sup> Ibid.

<sup>200</sup> Interview with McVea, July 13, 1982.

on December 20, 1939.<sup>201</sup> Just as was the case at several other co-ops around the state, the lights were on for those rural residents by Christmas.

There have been two real leaders at Dixie over the years; McVea has been one. He came to Dixie in 1942 as a board member, and has been there ever since, serving as Vice President, then as President, and also as one of the principal leaders at the statewide organization and in the G&T program. McVea does not fit the mold of many of the state's other board members. He does not have a farming background; in fact, he does not even have a rural background. When McVea came to the Dixie board in 1942, he was a school teacher and coach at Zachary High School. From there he went on to Baton Rouge High School, and then to Istrouma High School before quitting--to become a farmer. But, ironically for a leader in a rural program, he decided that farming was not his calling, and he returned to school for a masters degree in 1949. He then went back to teach at Zachary, and retired from there as principal. He was elected President of the Board at Dixie in 1957 and continues to serve in that position today.<sup>202</sup>

The other important figure in Dixie's history has been J. E. McAdam. He came to Dixie in 1947, and was the

<sup>201</sup> Rural Louisiana, May, 1960, 8.

<sup>202</sup> Interview with McVea, July 13, 1982.



exception to Dixie's manager turnover problems; he remained at his position for twenty years. He was also an exception in that he was apparently at least as powerful as his board members. He had a reputation for being difficult to get along with, hardheaded, and independent.<sup>203</sup> At the same time, he brought Dixie through its greatest growth period, and it might be said, built the Dixie that is Dixie today. To most co-op leaders he is best remembered for several times pulling out of the newspaper, by not allowing the statewide organization to send the paper to his co-op members. His usual reason was that he disagreed with the content. Finally, in 1967, he butted heads with his board and was fired.<sup>204</sup>

Today, Dixie is managed by Bob Harbor. He is new at the job, and might prove to be one of the first of a new generation of younger men and women in the Louisiana co-op system. He was preceded by C. J. Watson, and then by Paul Wood, who came to Dixie in 1977. Wood has gone on to the manager's position at the statewide organization. He was preceded by Harold Sicard, who followed McAdam.<sup>205</sup>

Dixie has recently moved to new headquarters near Greenwell Springs, Louisiana, just east of Baton Rouge.

<sup>203</sup> Ibid.; interview with Robbins, August 9, 1982.

<sup>204</sup> Interview with Mark Bonner, July 29, 1982; interview with Robbins, August 9, 1982.

<sup>205</sup> Interview with McVea, July 13, 1982.

The first Dixie office was on North Street in Baton Rouge. From there they moved to Airline Highway, remaining until 1982.<sup>206</sup>

The importance of the individual co-ops cannot be understated. It was there, on the local level, that the movement began in Louisiana. No amount of federal legislation, or even federal money could have gotten these local programs off the ground; it took local organizers, local leaders, and local interests. In these thirteen little histories of the state's co-ops, there are a lot of names, and each of them is important in relation to the beginning, growth, and development of the co-ops. Of course, most of the co-ops' recent political activity in Louisiana has centered around the statewide association, but the local groups started it all. The statewide organization is the creation of the local groups and would not have come into existence without them. They were the ones who organized the program and made it work, and it is the local groups today that are still the heart of the whole system.

<sup>206</sup> Rural Louisiana, June, 1973, 16.

CHAPTER 5  
BEGINNINGS OF THE STATEWIDE ASSOCIATION;  
INCEPTION TO 1960

The statewide organization, the Association of Louisiana Electric Cooperatives, had its birth on October 28, 1941.<sup>1</sup> That official name, though, was not adopted until 1960. Until then, it was known simply as the manager's association, or the statewide association. It began as a meeting of the minds of the state's managers, and would remain that until 1950 when the board presidents were invited to attend. There were many reasons to meet. All the managers dealt with many of the same problems at their local co-ops, and a coordination of thought and effort would make those problems easier to solve. But the first objective was to obtain copper. The private utilities, the managers felt, were getting more than their fair share of the precious metal, and the managers hoped to unite and lobby for what they considered their quota of copper not being used in the war effort.<sup>2</sup>

Acquisition of copper was the association's immediate

<sup>1</sup> Manager's Association, "Minutes," October 28, 1941.

<sup>2</sup> Ibid., October 28, 1941.

purpose, though lobbying soon became more important. In their organizational statement, after copper, the members wrote that it was "necessary to maintain normal growth to all REA's throughout Louisiana and generally by representation with our Senators and Representatives in Washington and to obtain such benefits and advantages that are our just dues."<sup>3</sup> That statement, although probably never read again, was the beginning of a lobbying campaign that would attain full stride in the mid-Sixties and never slow down.

The first president and organizer of the association was Robert Holladay, manager at Northeast in Winnsboro. The monthly meetings were first held at various co-op offices around the state, but the group finally settled down in a two-room office in Opelousas in 1953.<sup>4</sup> The presidency, over the years, passed from one manager to the next in a kind of rotation that kept everyone involved.

The first lobbyist was Mike Scanlon from SLEMC. In 1946, he lobbied to keep the Louisiana co-ops from being regulated by the state's Public Service Commission. He was successful; the bill was defeated.<sup>5</sup> This, the group's first attempt at persuading legislators, was their first success. There were many fights ahead, but few would

<sup>3</sup> Ibid., October 28, 1941.

<sup>4</sup> Ibid., October 28, 1941.

<sup>5</sup> Ibid., October 18, 1946.

be as hard fought as PSC regulation. The first shots were fired in 1946. A similar fight continues today.

On the floor of the legislature, it was Willie Rainach who did the co-op's bidding in the early years. Rainach was one of the organizers of Claiborne Electric and later a candidate for governor. In 1940, he worked to keep the co-op's lines tax exempt, and later he led the fight on the Senate floor to keep the co-ops from under the regulatory thumb of the PSC.<sup>6</sup>

Lobbying was important, but for the first five years of the organization's life, the members more often than not simply collaborated on mutual needs. They discussed a group purchase of trucks; they set up a training center for employees; they generally discussed common problems, common interests, and common situations. "We'd meet and carry on statewide business," Shubal Robbins remembers, "and exchange ideas [on] statewide publicity and an advertising program. We'd discuss technical things, improvements in lines, and that sort. . . ."<sup>7</sup>

But in 1946, the direction of the organization changed.

<sup>6</sup> Ibid. Included in the "Minutes" for this month is a handwritten appreciation to Rainach for aiding in the passage of Act 376 of 1940 which exempted co-op lines from taxation, and "For advice and labors in securing the defeat of legislation . . . designed to place electric cooperatives under the jurisdiction of the Public Service Commission."

<sup>7</sup> Interview with J. S. Robbins, Jennings, Louisiana, August 9, 1982.

In that year, the members decided to generate their own electricity. It was concluded at the November 15th meeting "that this organization apply to REA for a loan for the purpose of erecting a generating and transmission system [for] the purpose of getting a definite source of power for the cooperatives in Louisiana."<sup>8</sup> The group aspired, for the first time, to be sellers of electricity instead of buyers. The reason was the cost of wholesale power--what the utilities were threatening to charge the co-ops for power. It is difficult to verify a proposed rate increase, but those who were there recall that the private utilities wanted an increase of approximately two-thirds, from an 8.8 rate to about 14.5 mills per kilowatt hour.<sup>9</sup>

The plans progressed. In 1947, a fund was set up to explore the feasibility of a G&T.<sup>10</sup> A year later, the

<sup>8</sup> Manager's Association, "Minutes," November 15, 1946.

<sup>9</sup> Rural Louisiana, February, 1963, 2; *ibid.*, February 1969, 2. These are general histories of the early G&T proposals. See also, "Statement of J. S. Robbins before the Joint Committees of Interior and Insular Affairs and Public Works Committee," undated, unpublished copy in ALEC files, Baton Rouge. Robbins states here that the price was 8.25 mills. "Statement of Charles Roemer Before Bureau of Reclamation and Interior Power Marketing Agencies Subcommittee of the Senate Appropriations Committee," (undated, unpublished copy in ALEC files, Baton Rouge), 5. Roemer, here, states 9.0 mills. Also, interview with Robbins, August 9, 1982; interview with U. J. Gajan, Lafayette, Louisiana, November 16, 1981.

<sup>10</sup> Manager's Association, "Minutes," January 15-16, 1947.

the Kiljian Corporation of Philadelphia was retained as engineers, and in 1949, a plan was made to build a plant in Beauregard Parish.<sup>11</sup>

At the same time these plans were being drawn, the managers were trying to buy power from the Southwest Power Authority, a Department of the Interior division that builds dams and generates hydro-electric power in the Southwest much as TVA does in the Tennessee Valley. The Louisiana co-ops hoped to purchase this power through a super-cooperative known as Tex-La. This group was made up of several cooperatives throughout Louisiana, Texas, and Arkansas whose sole purpose was to buy blocks of power from SPA dams at a lower price than could be offered by the private utilities. This power would then be wheeled (moved for a charge) over private utility transmission lines (the small co-ops had only distribution lines) to the co-ops and small municipal systems in the state.<sup>12</sup>

The Louisiana co-ops seemed to be moving into the world of self-sufficiency. A G&T plant was on the drawing board, and a connection was about to be made to cheap hydro-power. But these plans were all scrapped. In 1951, the cost of power from the utilities dropped to 5.5 mills. By 1955, the average co-op in the state was paying only

<sup>11</sup> Ibid., June 24, 1948; ibid., January 11-14, 1949.

<sup>12</sup> Ibid., December 11, 1953.

about 4.5 mills per kilowatt hour.<sup>13</sup> The drop from the proposed rate was amazing. If the co-ops were bluffing, the bluff worked. They got what they wanted: cheap power, which, in the late Forties and early Fifties, was all they wanted. Later, when a second plan for a G&T was drawn up, the objective would be somewhat different. But for the moment, the objective was achieved.

Each time the companies raise rates, there is a lot of fingerpointing by the co-op officials, accusing the companies of trying to put the co-ops out of business. Of course, the higher the cost of fuel to the co-op, the higher the cost of electricity to the consumer. High utility bills make for a rebellious membership, one that might even vote to sell out the entire co-op system to the private utilities in exchange for promised lower rates. Co-op leaders have always claimed that this scheme was the objective of the private companies,<sup>14</sup> and it does seem that

<sup>13</sup> Rural Electrification Administration, Annual Statistical Report, 1955 (Washington, USGPO, 1955), 74-76. Hereafter cited as ASR. See also, Rural Louisiana, February, 1963, 2; ibid., February, 1962, 2.

<sup>14</sup> Examples of such claims are: Rural Louisiana, March, 1963, 11. "In recent years the companies have arbitrarily increased wholesale power rates to the co-ops . . . designed to put the co-ops out of business. Manager's Association, "Minutes," October 5, 1954. "Mr. Holladay advised that the power companies are step-by-step, one way or another, increasing power costs to the cooperatives." This fear was not limited to the early years. In 1973, Gene Taylor, manager at Concordia Electric, feared that LP&L might try to take over his co-op. As late as 1976, Mark Bonner, the manager of the statewide, spoke before that



this proposed rate increase of over sixty percent was certainly excessive in a period of lowering fuel costs and increased revenues in the post-war expansion years. The threat of a G&T (the possibility of losing their biggest customers) seemed to have forced the utilities to drop their prices drastically. The 1954 rate decrease to between 4.5 and 5.0 mills is essentially the same rate at which the co-ops could have bought power from SPA had that hookup been pursued.<sup>15</sup> Also, the percent of income used to buy electricity dropped from thirty-seven in 1947 to twenty-three in 1953.<sup>16</sup> So, with usage up, there had apparently not been a need for any price increase, and certainly not one as drastic as sixty percent. Also at about this time, the utilities made at least one attempt to buy out a co-op at Houma. The attempt was blatant and outright to the point of the utilities' drawing up contracts and holding meetings with potential sellers.<sup>17</sup>

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group: "The ultimate goal of Middle South Utilities [the holding company for CLECO and LP&L] is to take every bit of electric utility service in Louisiana . . . with the possible exception of GSU."

<sup>15</sup> Rural Louisiana, February, 1963, 2; ibid., April, 1956; Manager's Association, "Minutes," January 8, 1952; ibid., October 25, 1951.

<sup>16</sup> ASR, 1947, 40-42; ibid., 80-82.

<sup>17</sup> Interview with Claude Duval, Houma, Louisiana, February 14, 1983.

Probably the best reason the utilities had to try to acquire the co-ops (if in fact they were) was that the co-ops were becoming prosperous. Post-war rural growth was certainly far beyond anything the utilities must have imagined. Between 1945 and 1950, Louisiana co-ops connected over 55,000 consumers, and by 1950, they had recorded a margin of profit of nearly \$600,000.<sup>18</sup> The private utilities had been shortsighted in the Thirties and Forties. Rural electrification had quickly become lucrative. Possibly the utilities hoped to make up for their shortsightedness by making life so difficult for the co-ops that they would sell out. Whether or not the utilities were trying to take over the co-ops is unclear; what is clear, though, is that the co-op leaders thought they were and reacted accordingly, and that is the important point to be made here.

By 1950, the thirteen co-ops had successfully fended off a crippling price hike by standing together against the investor-owned utilities. It was a lesson that had been learned well and would not be forgotten: united they could stand, individually they could not. But they also learned that the investor-owned utilities were the enemy, that they were under their thumb, that a severe price hike, justified or not, could force the members to sell out their co-ops in order to bring prices down. The private companies

<sup>18</sup> ASR, 1945, x; *ibid.*, 1950, x, xi.

had a monopoly on power, and the only way the thirteen co-ops could force them to withdraw was to threaten the monopoly with self-generation, a situation that, in 1950, would have cost the private utilities over eighty-six million kilowatt hours in purchased power, nearly \$700,000 in revenue, a loss they were not willing to sustain.<sup>19</sup>

Victory had been sweet, lessons had been learned, but the results were not all good. The two groups squared off into the armed camps preparing for a battle that would eventually come. The utility-as-enemy attitude would remain with these young leaders for many years, making future compromises with the investor-owned utilities almost impossible.

Meanwhile, the manager's group settled down to lobby for its cause in the state legislature, and promoting the Louisiana electric co-ops. For eight years, 1950 to 1958, their world was calm. The price they paid for electricity was low, allowing most co-ops in the state to progressively lower prices to their members, and prosper. They were the men in the white hats, one Gulf States Utilities official recalls.<sup>20</sup> It was a period of quiet growth and prosperity.

The main endeavor of the statewide organization in this period was to begin publication of the statewide

<sup>19</sup> Ibid., 1950, x, xi.

<sup>20</sup> Interview with Earl Broussard, Baton Rouge, July 7, 1983.

newspaper, REA News. The editor was Wayne Martin, and the first issue went out on March 20, 1950. The feature article was the first article of its kind defining the paper's purpose. Articles like it would appear over and over again: "Just What is an REA Co-op?" Other stories in the first issue included one on E. E. Taylor, manager at Concordia Electric, who made use of "up to date radio equipment" to keep in contact with his trucks during a flood; and one on most of the state leaders making a trip to the annual NRECA meeting in Chicago. There was a cartoon of a smiling Uncle Sam lending money with one hand from the U.S. Treasury to a grateful REA borrower while gratefully receiving a loan payment from another REA borrower with the other. The message: "REA loans are not 'grants.'" There was a report from the statewide president. Several co-op members were praised for their good works. And there was a "Woman's Page" in which the editor's wife, Alice Martin, assembled such "womanly" things as dress patterns, recipes for hot bean salad, and one article that might have been a sign of the times to come, entitled, "No Second Fiddle," in which was stated that farm women were tired of playing second fiddle to farm animals. The message, of course, was that if the farms had electricity the farm wife's role might be raised to a point somewhere above that of cattle.<sup>21</sup>

<sup>21</sup> REA News, March 20, 1950, 1-2, 6.

After only about two years as editor, Wayne Martin left the group under strained circumstances. In his resignation speech, he spoke of the immediate cause: "For a period of several months, I have felt the affairs of the state association and Louisiana REA News were being hindered through my services. Several attempts have been made--and they have failed--to solve the major personal differences between me and one Co-op manager. For that reason, and that reason only, I would like to resign."<sup>22</sup>

Whatever personal conflict drove Martin out of the association, there were other reasons, as well, for his resignation. Martin's position was not only designated as "editor," but also as "manager," manager of the statewide organization. This, he apparently felt, put him above the local managers, or at least he aspired to such powers. Martin had come from Arkansas where the statewide association was strong, where the statewide manager often delegated authority down to the managers. According to Martin's successor, Mark Bonner, Martin wanted "to sell the concept somewhat like they had [in Arkansas] where you would have a state association manager who would initiate things and that didn't go over well with the old managers. They were all kings of the mountain and they could just see somebody

<sup>22</sup> Manager's Association, "Minutes," October 17, 1952.

taking over. He wasn't very popular."<sup>23</sup>

When Martin stepped out, Bonner stepped in. But Bonner wisely stepped lightly where the position of manager was concerned, immersing himself instead in the publication of the paper to the point of near exhaustion.<sup>24</sup> Later, when politics, propaganda, and public relations became key factors in the association's growth, Bonner would become a powerful figure in the organization.

Bonner came to REA News from the Franklin Sun where he had worked as associate editor from 1948 to 1952. During that time, the Sun had become Louisiana's top award-winning newspaper.<sup>25</sup> Bonner himself had gained some notariety for a 1950 editorial in which he supported the right of blacks to serve on Louisiana juries.<sup>26</sup> But the editor of the Sun, despite his award-winning ways, had allowed the paper to fall apart under the weight of his drinking problem. Facing a bleak future, Bonner decided to run for clerk of court in Franklin Parish. When he lost the bid by thirty-two votes, he suddenly found himself out of work unable to support his wife and child. His sister, Fannie Bonner, was employed as Bob Holladay's secretary at Northeast in Winnsboro, and

<sup>23</sup> Interview with Mark Bonner, Baton Rouge, August 29, 1980.

<sup>24</sup> Ibid.

<sup>25</sup> Rural Louisiana, June, 1977, 4.

<sup>26</sup> Ibid., March, 1982, 9.

through that connection he was hired as associate editor under Martin for the two months prior to Martin's resignation in October, 1953. He then moved into Martin's position.<sup>27</sup>

Over the years, the title of that position has changed drastically. Bonner was hired as editor, instead of manager. Obviously, the members of the association did not want to make the mistake with Bonner that they had with Martin by giving him a title equal to theirs. In 1959, his title was changed to Director of Public Information, then to Executive Secretary to the Board, and in 1965, to General Manager, and finally to Vice-President and General Manager in 1977.<sup>28</sup> Bonner insists that these outlandish title changes occurred because of a recognized need by the board to bestow a title that would put him on an equal footing with the private utility lobbyists in Baton Rouge and Washington.<sup>29</sup> He often states the policies and clout of the statewide association to important people throughout the country, having taken the cause of Louisiana's co-ops to everyone from John McKeithen to Hubert Humphrey. It was necessary that his title reflect his importance.

<sup>27</sup> Interview with Mark Bonner, August 29, 1980; interview with Fannie Bonner, Winnsboro, March 28, 1983; Rural Louisiana, June, 1977, 4.

<sup>28</sup> Rural Louisiana, June, 1977, 4; ibid., March, 1982, 9.

<sup>29</sup> Interview with Mark Bonner, August 29, 1980.

The title changes also show Bonner's growing power within the organization. By the 1970s, Bonner led what Edwin Edwards called one of the strongest special interest groups in the state.<sup>30</sup> It is difficult to overemphasize his role in the growth and development of the statewide organization. In the early years, each manager was the king of his own little kingdom, and the relinquishment of any power was anathema to them all. One manager has said it was like thirteen prima donnas trying to get into one buggy--they all wanted to sit in the front seat.<sup>31</sup> But when it came to such unfamiliar things as lobbying, public information, politics, negotiations, these engineer-types found themselves at a loss. And over the years, as these functions became more and more a part of the everyday life of the statewide association, even important to the very survival of the distribution co-ops themselves, Bonner's position and power grew in importance, and so did his title.

Bonner furthered the cause of Louisiana's electric co-ops in many ways over the years, but his greatest legacy will be his articles in the statewide publication. Throughout much of the newspaper's thirty-year existence, Bonner has written nearly everything appearing in it. He has even taken most of the photographs. Today there are photographers,

<sup>30</sup> Interview with Edwin Edwards, Baton Rouge, June 3, 1982.

<sup>31</sup> Interview with A. A. Robinson, Baton Rouge, May 19, 1982.



assistants, and associates, but in the Fifties and Sixties, it was nearly a one-man show.<sup>32</sup> His editorial, "Mark My Word," later changed to "One Small Voice," has been a monthly tirade on everything from the evils of desegregation in the Fifties and Sixties, to longhairs and drugs in the Sixties and Seventies. His editorials reached every co-op member in the state, and his influence touched every corner of society and politics. His themes have always emphasized conservatism, the sanctity of the family, religion, and patriotism. His writing, simple, appealing, and often emotional, is aimed at the rural South. He has always felt a need to attack viciously wild-eyed liberals, give-away politicians and their programs, socialists, and communists, probably because his critics have always tried to associate him, and REA in general, with those sorts. He is the perfect example of that American enigma, the southern conservative Democrat. Like this type of southerner, he had the foresight to see the necessity of government assistance, but only as far as those being helped can begin to help themselves. To him, a handout is as disgusting as it is debilitating: "You don't help people by giving them things. I guess you just about defeat your purpose."<sup>33</sup> This theme, often used by Bonner, is, of course, directed at those who

<sup>32</sup> Interview with Mark Bonner, August 29, 1980.

<sup>33</sup> Ibid.

would accuse REA of being a government give-away program. David Hamil, the Republican REA Administrator under Eisenhower, and then again under Nixon, visited Louisiana for the first time in 1959. He listened to a few speeches, talked to a few of the state's co-op leaders. Bonner, as he tells it, was finally approached by Hamil: "I'm puzzled," he said to Bonner. "You damn people are more Republican than I am. You just don't know it."<sup>34</sup> So, Bonner, a southern Democrat who is more conservative than many northern Republicans, must defend himself against those who would call him a socialist.

Bonner's early life prepared him for a life as a writer, crusader, and idealist. It may also have given him the unique ability to view both halves of society. He had the all too common experience of seeing his father go from wealth to destitution in the Depression. "I grew up in one of the nicest homes in that part of the country, but we lost everything in the Depression. We were in a situation where we went from the top of a little society right down to the bottom, right down with the blacks and everything else."<sup>35</sup>

In 1971, and again in 1977, Bonner wrote the story of "A Symbolic Boy," who he later identified as himself. The

<sup>34</sup> Ibid., Baton Rouge, July 29, 1982; interview with David Hamil, Sterling, Colorado, May 31, 1983.

<sup>35</sup> Interview with Bonner, August 29, 1980.

following is an excerpt:

Stark poverty--the kind that warps bodies and minds--stalked the cotton fields, towns and villages of the South in 1933.

Here in the South, long a victim of a feudal cotton economy and oppressive policies, few families were fortunate enough to eat well. Still, less ate a balanced diet, witnessed by the boils and constant sores on the mouths of children--bloated stomachs, bowed legs and rotten teeth.

Symbolic of millions of youngsters, a barefoot boy, sporting a belly blown up with pinto beans and sour milk, followed an old mule up and down the endless cotton rows. He was now the son of a sharecropper.

The family farm, a pride and joy since early American history, had been lost the year before in the early gulps of the Great Depression. His family now lived in a shack among the lowest of the low--Southern sharecroppers.

One day, the lad left the poor mule standing in the middle of the field to pursue the American dream. He hitch-hiked to college, got a job, numerous jobs--cleaning toilets, dug ditches, waited on tables.

Then, he marched off to war for four long years to protect the American dream for all mankind. He and the millions of his kind, proud, patriotic, burned no flag, did not demonstrate against the draft, or run off to Canada. They did not drown their senses with pot or LSD.

They came home determined to build a world for their children. These poverty-reared youngsters, from Maine to California, to Louisiana did build a new society through law and order--through due process in the American tradition.

The lad from behind the mule and his millions of cohorts in poverty and depression created the most affluent society the world has ever known.

The article goes on, some 1600 words, to tell that these once poverty-stricken youths created a society that

did its job too well, making life too easy.

The crime, rebellion, dope, and disorder threatening our American heritage--the American dream--came not from poverty.

They are the bitter fruits of an easy life.

We failed to create a better world. We have given too much and demanded too little in return.<sup>36</sup>

Bonner graduated from LSU in 1938, and then entered law school there, but with only one semester remaining to graduation he answered a call to arms and entered the Army Air Corps in 1941. He was immediately packed off to India (the military thoughtfully supplied him with winter gear), where he seemed to have been more involved in adventures such as mountain climbing and tiger hunting than furthering the war effort. After the war, he returned to his hometown of Franklin where he landed his first job with the Sun.<sup>37</sup>

In 1982, Bonner received the prestigious Clyde T. Ellis Award from the members of NRECA "in recognition of outstanding accomplishment and service to electric cooperatives and for increasing their importance."<sup>38</sup> It is a fitting conclusion to an extraordinary career.

<sup>36</sup> Rural Louisiana, July, 1977, 2.

<sup>37</sup> Interview with Mark Bonner, August 29, 1980; interview with Fannie Bonner, March 28, 1983; interview with Edgar Chaney, Jeanrette, Louisiana, July 28, 1982; Rural Louisiana, June, 1977, 4.

<sup>38</sup> National Rural Electric Cooperative Association, People--Their Power; The Rural Electric Fact Book (n.p. Washington, 1980), 107; Rural Louisiana, March, 1982, 9.

But Bonner was still at the beginning of his career in the late Fifties when the history of the co-op system in Louisiana began to change, when the companies again would try to hike prices. But this time, the co-ops would do more than threaten to build a generation and transmission system. This time, the cause would be something other than low prices. The thirteen co-ops would this time break away for the sole purpose of independence.

The first rumblings of what the future held came in 1954 when Gulf States Utilities modified its rates to include a fuel adjustment provision.<sup>39</sup> This, of course, tied the rate base to the price of natural gas purchased by GSU. In October of that year, Holladay expressed his fear of what could come: "The power companies are step-by-step, one way or another, increasing power costs to the cooperatives by adding power factor clauses, fuel cost clauses and any other means whereby they may increase rates."<sup>40</sup>

The fuel adjustment was apparently no cause for immediate alarm because the cost of power increased only

<sup>39</sup> Norman M. Clapp, "Information Relating to the 'A' Loan Application of Louisiana Electric Cooperative, Inc. of New Roads, Louisiana," September 12, 1964 (unpublished copy, ALEC Files, Baton Rouge). This is a report from Clapp (REA Administrator under Lyndon Johnson) to Carl Hayden, President Pro Tempore of the Senate, providing information concerning the loan. Hereafter cited as "Information Relating to the A Loan."

<sup>40</sup> Manager's Association, "Minutes," October 5, 1954.

slightly in the following years, but it was reason enough, in the minds of the statewide members, to reform the G&T committee.<sup>41</sup> It was not high prices but the anticipation of high prices that again set the co-op leaders to thinking about the G&T.

Between 1957 and 1959, GSU fired the first shots of the new war by demanding a dual rate. There would now be two charges for wholesale power, one for residential use, and one for industrial. The residential base rate would be an exorbitant nine mills, and the industrial rate was in the vicinity of eight mills.<sup>42</sup> This would, of course, cause rates to skyrocket for the individual consumer on the co-op lines, but, more importantly, it practically put the co-ops out of business when it came to serving industrial loads. GSU, with lower prices than the co-ops, could now move into the fast-growing, industrial, rural areas of south Louisiana and serve the new plants there without any competition from the co-ops. Several co-ops, such as Jeff Davis and SLECA, needed those industrial loads to keep

<sup>41</sup> Ibid., October 12, 1956.

<sup>42</sup> Bonner reported in 1969 that the dual rate demand was made in 1957. Rural Louisiana, February, 1969, 2. Norman Clapp, in his report to Carl Hayden, stated that the dual rate was demanded in either 1958 or 1959. Clapp, "Information Relating to the A Loan." In a letter to Allen Ellender, January 5, 1963, the co-op leaders cited the dual rate as 1958. Robinson, McVea, et al. to Allen Ellender, January 5, 1963, Ellender Papers, Box 268-D Allen Ellender Library, Nichols State University, Thibodaux, Louisiana.

them financially above water. GSU's dual rate proposal could hurt them terribly, and they might even sink.<sup>43</sup> GSU, though, argued that they could not allow the co-ops to undercut their industrial prices with GSU electricity--electricity they had generated. They also saw the co-ops as essentially a rural farm supplier, and felt that whenever the co-ops wandered into the industrial or urban market, they had stepped beyond their intended purpose and into competition with the private utilities.<sup>44</sup>

In 1956, LP&L entered into a new ten-year contract with the co-ops that contained satisfactory terms, but, in 1958 they called a meeting of co-op leaders at the LP&L offices and introduced a new higher rate schedule for 1959 similar to the GSU rate increase based on estimated fuel

<sup>43</sup> Rural Louisiana, February, 1963, 2. This was particularly true of SLECA, with industrial revenues of 42% of total revenues in 1957. Jeff Davis' was at 32%. ASR, 1957, 74-76.

<sup>44</sup> Such arguments are made in several private utility publications. See particularly, Gulf States Utilities, "The Changing REA Picture," undated [1958?], ALEC files, Baton Rouge. This pamphlet states that co-ops "are seeking to get state legislation that will permit them to serve customers inside the corporate limits of town. . . ." In probably the most famous anti-REA publication, "The Deviation of REA," the author, Edward Vennard, states the private utility argument on this point: "no one imagined that cooperatives would buy electricity at a special discount and then try to sell it, at prices less than the companies' standard prices, to aluminum plants or pipelines or oil refineries. But that is what some of them did." Edward Venard, "The Deviation of REA," (Edison Electric Institute, Washington, DC, n.d. [1962?]), 39.

costs. This was understood by the co-op leaders to be a take-it-or-leave-it proposition with no room for discussion or compromise. Although their opinion was apparently not asked for, the co-ops rejected the demand and retreated under fire to begin building their defenses.<sup>45</sup>

With that, the G&T plan was shifted into high gear. The situation was similar to the post-war G&T threat that had been so successful in getting rates down. But this time, with that experience under their belts, the co-op leaders emerged for the fight with a different attitude. The cause this time was independence, not merely lower rates. Even if a second G&T threat worked, and the utilities dropped their rates to a reasonable level, the co-ops would continue to strive to be out from under the thumb of the utilities. The time to break away was at hand. In 1967, Charles Roemer, a co-op leader through this period, told a subcommittee of the Senate Appropriations Committee: "For the sake of conjecture, let us assume the companies offered our Co-ops an unprecedented 4-mill rate. Would it be 'reasonable', if after five years these hostile companies, dedicated to our distribution, could come back and demand eight mills, or

<sup>45</sup> Clapp, "Information Relating to the A Loan;" Charles Roemer, before a Senate Subcommittee stated: "In 1958, the companies summoned us to the office of Louisiana Power and Light Company . . . and handed us a take-it-or-leave-it projection." "Statement of Charles Roemer Before the Bureau of Reclamation," 5.



even 15 mills in the absence of a G&T? We think not."<sup>46</sup> And later in the same statement Roemer declared: "We are not engaged in a crusade against private companies. We merely wish to be let along to develop rural areas we pioneered."<sup>47</sup> The cost of power was no longer a factor; independence was the cause. But first, a loan had to be approved.

The co-ops were confident that REA would approve the loan for several reasons. First of all, they were well organized: the statewide association had developed into a strong lobby that was quickly becoming familiar with the workings of government, and with the weight of several thousand rural constituents behind it, and an effective newspaper to publicize its opinion, the Louisiana co-op group was a force to be heard and contended with. Also, they had already run the gamut of applying for a loan. They knew whom to contact, whom to work around, what to do. This experience would certainly speed up the process.

<sup>46</sup> "Statement of Charles Roemer before the Bureau of Reclamation," 19. A. A. Robinson made a similar statement before a House subcommittee in 1966. "It would avail us nothing to receive temporarily 'reasonable' wholesale rates and service conditions with them in the absence of our G&T and adequate G&T loan funds. "Statement of A. A. Robinson on behalf of Louisiana Electric Cooperative, Inc. before the House Subcommittee on Appropriations, Department of Agriculture and Related Agencies," March 28, 1966 (unpublished copy in ALEC files, Baton Rouge), 5.

<sup>47</sup> Ibid., 17.

Lastly, they had a good argument for needing the loan. Without any other source of electricity available, the co-ops were at the mercy of private utilities that were using their monopoly to gouge prices, and, in the some instances, to try to take over the co-ops. REA could certainly be sympathetic, particularly if the co-ops could show that they could produce electricity more cheaply than they could buy it from the utilities.

Moreover, on the horizon was the possibility of a changing political scene that gave the co-op leaders even greater confidence that the loan would be approved. The 1960 election brought with it the hope of a sympathetic Democratic administration. For eight years, REA had fought an administration that had not understood its problems or needs, an administration that had established the hostile Hoover Commission to raise the interest rates on REA loans, an administration whose secretary of agriculture had come out foursquare against small farms, an administration that vetoed the Humphrey-Price Bill, the most important piece of REA legislation since FDR created the whole thing. If the new administration were a Democratic one, certainly it would be more sympathetic to the G&T application than the Republicans had been.

So, in Louisiana, these conservative southern Democrats looked forward to the end of the Eisenhower years with an even greater hope of obtaining a G&T loan than ever before.

They were delighted when, just before the election, Truman, speaking in Abbeville, said that the "present administration . . . has tried every way it could to hamstring the Rural Electrification Administration."<sup>48</sup> Also, the co-ops could look forward to aid from Allen Ellender, Louisiana's very influential senior senator. Ellender had on many occasions expressed his support for REA and for the local programs in Louisiana. In 1956, Bonner quoted him on the topic of the Hoover Commission: "Don't worry about Mr. Hoover and his recommendations to abolish REA. We will take care of that and see that nothing happens to hamper this finest of farm programs."<sup>49</sup>

It was 1962 before the co-ops were able to complete a feasibility study, work out the details, and mail their loan application to Norman Clapp, Kennedy's new REA administrator. In the four or five years between the companies' proposed rate hikes and the application, a type of undeclared war was fought between the two groups. The utilities stepped up advances into unclaimed territories, duplication of co-op lines, and the building of spite lines. There were several reports of aggressive actions by LP&L in the

<sup>48</sup> Rural Louisiana, November, 1960, 11.

<sup>49</sup> Ibid., January, 1956, 8. See also, a letter from Ellender to Bonner in 1955: "If the advice of the Hoover Commission were followed the net effect would be to price REA loan funds out of the reach of our farmer cooperatives. We must not permit this to happen." Ellender to Bonner, April 21, 1955, Ellender Papers, Box 278-D&M.

Morgan City area.<sup>50</sup> GSU advertised on radio against the prospect of a co-op G&T during half-time of LSU football games.<sup>51</sup> There were duplications at Bossier Electric,<sup>52</sup> Pointe Coupee,<sup>53</sup> Dixie,<sup>54</sup> Beauregard,<sup>55</sup> and numerous spite lines throughout the state.

The co-ops did not sit idly by and watch their territories be gobbled up. They also stepped up their building programs, they complained to Ellender, and they tried to expose the utilities' actions in the media, but they were no match for the strength of the private utilities.

By 1960, it seemed that the co-ops were in a crossfire between the unsympathetic Eisenhower Administration and the increasingly aggressive private utilities. The response was, of course, for the statewide organization to try and

<sup>50</sup> Rural Louisiana, October, 1963, 15; ibid., April, 1960, 1; P. R. Hall (Manager at SLECA) to Richard Richter (REA Regional Director for Southwest United States), October 11, 1963, ALEC files, Baton Rouge; Rural Louisiana, October, 1958, 2; ibid., September 5, 1958, 2.

<sup>51</sup> Bonner requested several times that the radio station stop broadcasting such material. The station complied in fall, 1964. Rural Louisiana, October, 1964, 5. See also, Bonner to John Hunter (President of LSU) September 21, 1964, ALEC files, Baton Rouge.

<sup>52</sup> Rural Louisiana, November, 1964, 4.

<sup>53</sup> Ibid., December, 1959, 2.

<sup>54</sup> Ibid., August, 1958, 2.

<sup>55</sup> Horace Wingate, manager at Beauregard Electric, stated at the manager's meeting that there was an "invasion into his area by CLECO." September 5, 1958. See also, Rural Louisiana, July 1956, 4.

shore up its ranks, become stronger in the face of adversity, meet the challenge head on. After the 1960 Presidential election, things should have changed for the better, but they did not. Internal strife and court action nearly ground the G&T project to a halt.

## CHAPTER 6

### INDEPENDENCE AND THE GENERATION OF POWER

The G&T plan was not the only plan being devised to bring power, other than wholesale power, to the co-ops. In an unusual piece of cooperation, Tex-La, the super-co-op made up of distribution co-ops in Texas, Arkansas, and Louisiana, worked out an agreement with the power companies (principally GSU) whereby it would buy peaking power (power that the dams can provide only when the water level allows it) from the Southwest Power Authority dams in Texas and sell it to GSU in exchange for firm power (power that can be provided consistently) from the GSU generators. This power would be wheeled by GSU from the dams to their generators and then to those few Louisiana co-ops that could benefit from the operation.<sup>1</sup> The amount of power that was finally exchanged was so small that it was hardly worth noticing, but the deal had its significance. The negotiations, for the most part, were carried on between U. J. Gajan, president of Tex-La and manager at SLEMC, and GSU representatives. As manager of the largest co-op in the

<sup>1</sup> Telephone interview with U. J. Gajan, July 11, 1983. See also, Rural Louisiana, August, 1958, 3.

state, Gajan had always been able to deal with the utilities on an equal footing; consequently his relationship with GSU (the utility in SLEMCO's service area and the principal supplier of SLEMCO's wholesale power) had always been better than the relationships of the other managers to their wholesale suppliers. The Tex-La agreement of 1958 was the culmination of years of cooperation between these two utility giants. It was an agreement that Gajan had sought for a number of years and something he would not easily turn his back on. This contract was the sort of wheeling agreement that would, in the 1970s, be negotiated between the co-ops and the private companies settling most disputes and finally bring the two sides together under a peaceful, integrated system whereby the private companies would wheel co-op-generated power to the distribution co-ops in the state. This cooperative endeavor between SLEMCO and GSU was an advancement, a step into the future for both. But in 1962, as soon as the state's co-ops made it clear that they planned to generate their own electricity, attitudes went quickly from compromising to antagonistic. And as the G&T plans got underway, and the fights with the private utilities went from warm to hot, the first casualty of the war was SLEMCO. After years of cooperation and working in harmony with GSU, culminating in the Tex-La agreement, Gajan, backed wholly by his board of directors,

pulled out of the statewide group in May, 1962.<sup>2</sup>

Preservation of the cooperative attitude with GSU was only one of several reasons SLEMC0 and Gajan left what had by now become the Association of Louisiana Electric Cooperatives. The letter of resignation from the SLEMC0 board to ALEC cited such "a lack of understanding and mutual cooperation among the Louisiana electric cooperatives as to render the association ineffective."<sup>3</sup>

Gajan, though, had his own reasons. In a letter to his very powerful friend, Allen Ellender, he stated: "A recent study, undertaken by the Association of Louisiana Electric Cooperatives performed by the H. E. Bovay Engineering firm of Houston, Texas, appears to be unrealistic and extremely low. . . .<sup>4</sup> That is, he did not feel that ALEC could build the plant for what Bovay said it could be built for. In another letter to Ellender, dated January 29, 1963, Gajan further explained his situation and decisions:

<sup>2</sup> U. J. Gajan to Allen Ellender, January 29, 1963, ALEC files, Baton Rouge; H. F. Young (President of SLEMC0's Board of Directors) to Orval Couch (President of ALEC Board), April 2, 1962, ALEC files, Baton Rouge. SLEMC0 first left in May 1961, and then again (and finally) eleven months later. Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Gajan to Ellender, January 29, 1963, ALEC files, Baton Rouge.



. . . SLEMCO agreed to participate in a preliminary generation and transmission study "only" . . . . . A thorough and complete analysis of this preliminary study by us, and by SLEMCO's independent engineers, did not convince SLEMCO's board or its management of its feasibility.<sup>5</sup>

Though Gajan did not agree with the study made by the engineers, the decisive factor was money. Gajan focused on only one objective: getting the lowest possible rates he could from GSU and gaining for his membership the lowest possible prices. The G&T threat initiated through ALEC, together with the rapport he had developed with GSU (exemplified by the Tex-La agreement), allowed Gajan to obtain his objective. He squeezed an exceptional contract from GSU. As one of ALEC's leaders claimed, he pulled out a plum.<sup>6</sup>

On August 31, 1961, the three utilities offered the co-ops what was referred to as the Tex-La Contract, supposedly their last offer.<sup>7</sup> It was called the Tex-La

<sup>5</sup> Gajan to Ellender, January 29, 1963, ALEC files, Baton Rouge.

<sup>6</sup> Interview with A. A. Robinson, Baton Rouge, May 19, 1982.

<sup>7</sup> This offer came to the Louisiana co-ops in the form of a one-page, unpublished rate sheet titled: "Proposed Rate Offered to Tex-La." It contained the new rate for each of the thirteen Louisiana co-ops and two Texas co-ops, and indicated how much each co-op could save by accepting the new proposal. August 31, 1961, Ellender Papers, Box 268-D. See also, Norman Clapp, "Information Relating to the 'A' Loan Application of Louisiana Electric Cooperative, Inc. of New Roads, Louisiana," September 12, 1964 (unpublished copy, ALEC files, Baton Rouge).

Contract because its enactment was contingent upon the companies receiving peaking power from the Texas dams. It was generally understood that this offer was intended to be low enough to halt all G&T plans. The companies had lost and were going to give in just as they had done in 1952. The average rate was 6.5 mills without a fuel escalation provision. The cooperatives refused the offer; SLEMC0 took it. In his January 29th letter to Ellender, Gajan explained how the G&T study had helped the co-ops get a better rate, although only SLEMC0 signed the contract. The study did provide very tangible benefits and assisted in negotiating a lower rate that would save the electric co-ops in Louisiana \$1,201,691.00 on a very conservative estimate. . . .<sup>8</sup> This figure is what the private utilities estimated all the co-ops in Louisiana would save if they accepted the new rate over an earlier offer computed over a five-year period at a ten percent growth rate.<sup>9</sup> SLEMC0 stood to save more than one-half million dollars in the five-year period. In 1962 alone, SLEMC0 saved over \$34,000. The new contract was for ten years, from 1962 to 1972. "The new rate schedule incorporated a 6.5 mill rate . . . with no restrictions, no fuel costs and all the power

<sup>8</sup> Gajan to Ellender, January 29, 1963, ALEC files, Baton Rouge.

<sup>9</sup> Ibid.

necessary for future load growth," he told Ellender.<sup>10</sup> He also told the senator that he feared that "SLEMC would lose its identity and independence" if it stayed in the G&T program, and that he "felt a deep and severe obligation to SELMCO's . . . member consumers, to obtain the best possible contract at the lowest possible guaranteed rate, for a ten-year period, with no restrictions, no escalations, or binding long term obligations."<sup>11</sup> He got it.

There are those, though, who have said Gajan left ALEC for other reasons. In the late Fifties and early Sixties, there was a power struggle between Gajan and A. A. Robinson, the manager at Pointe Coupee, for the right to run the statewide organization, and, therefore, the G&T program. It is hard to imagine either man being in any manner power hungry, but probably much of their youthful fire has been extinguished by age. All the members of the board in this period were witnesses to this conflict, and all have an opinion, but J. S. Robbins and Mark Bonner seemed closer to the situation than the others. Robbins had good, friendly and professional relationships with both men. He sees Gajan as a good friend: "I got along with U. J. better than any." But at the same time, Robbins sees him as something of a monopolist: "If Gajan couldn't

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

control it, he didn't much want to be in it." At the same time, he characterizes Robinson as "very dictatorial."<sup>12</sup> Robbins also feels that GSU was using Gajan by giving SLEMCO low rates, drawing SLEMCO out of the group, and ultimately weakening ALEC's united effort. Robbins had no difficulty in locating his loyalty. Forced to go with Gajan and leave, or support Robinson and stay, the decision was easy: "That isn't the way to win a battle--to quit. I never quit!"<sup>13</sup>

Bonner also did not support Gajan. In fact, he says, "I've fought with him as hard as anyone."<sup>14</sup> He sees the problem that developed between Gajan and Robinson as related to ego. Like Robbins, Bonner feels simply that both wanted control of the program. "He and Bubba [Robinson] were a whole lot alike. They were strong personalities, and both capable people in their way of doing things, but they had their egos. Everybody can't be the top man."<sup>15</sup>

Gajan left ALEC for at least two reasons; to maintain the rapport with GSU that he had worked to attain since the early Forties, and secondly, to obtain the lowest possible

<sup>12</sup> Interview with J. S. Robbins, Jennings, Louisiana, August 9, 1982.

<sup>13</sup> Ibid.

<sup>14</sup> Interview with Mark Bonner, Baton Rouge, July 29, 1982.

<sup>15</sup> Ibid.

rates for his customer-members. But he also may have lost the fight for control of the program, and, with the colossal SLEMC0 at his side, he left. In his letter to Ellender of January 29, 1963, Gajan had said he feared a loss of SLEMC0's identity and independence if it remained a part of ALEC. But of all the things that can be said about Gajan's departure from the organization, it is obvious that he missed the point. The objective of building the G&T had never been money, nor had it been individual independence. The objective was independence from the private utilities. As Roemer would later state before the congressional committee, the co-ops only wanted to be left alone to serve the territories they had pioneered. And even if the utilities offered an unprecedented low rate, Roemer continued, and the co-ops again put aside their G&T plans, there would be, in the future, another rate hike, and then another. The co-ops had only one objective, and that was independence --with or without SLEMC0. SLEMC0 had its own ideal of independence, though. Gajan wanted independence to deal with GSU on an equal footing, and independence to give his customers low prices. They each went their own way.

SLEMC0's withdrawal from ALEC had several repercussions. The most immediate was that Robinson's victory over Gajan was complete. Shortly after SLEMC0's final withdrawal in April, 1962, Robinson was named to head the newly formed

Louisiana Electric Cooperative, Incorporated.<sup>16</sup> The new corporation (made up of essentially the same people as ALEC) was to handle only G&T matters. ALEC would return to its original role of focusing on public relations and lobbying. This is not to say that ALEC was out of the G&T picture. As had been its responsibility since the G&T inception in the late Fifties, ALEC, with Bonner in the lead, would spend most of its time defending and lobbying for LEC. But the point to be made here is that SLEMC's withdrawal allowed Robinson to consolidate his power, and it also allowed for the formation of LEC. Also, the members of LEC knew, of course, that a loan application to REA for a G&T project would not be approved to a fragmented group. It was necessary for SLEMC either to join or leave before an application could be made. Finally, on August 18, without a dissenting vote, the application was sent to Washington.<sup>17</sup>

The most important result of SLEMC's withdrawal was the effect it had on Allen Ellender, an effect that nearly killed the program altogether. It is difficult to convey the importance of Ellender to the G&T movement. As chairman of the Senate Agriculture and Forestry Committee, he was a pro-tempore member of each agricultural subcommittee. He headed the Subcommittee on Appropriations which decided

<sup>16</sup> Louisiana Electric Cooperative, Annual Report (n.p., n.d.), unnumbered page.

<sup>17</sup> Ibid., unnumbered page.

how much money the Department of Agriculture should receive and for what purpose. He also served on the Power Marketing Agencies Subcommittee of the Senate Appropriations Committee, and was chairman of the Senate Public Works Committee. If Ellender did not want a G&T built in Louisiana, he had the power to stop it.

Ellender and Gajan were good friends. Both came from the same part of the state, Gajan from New Iberia (although, of course, he lived in Lafayette) and Ellender from Houma. It may be of some significance that they both had the same Cajun background. In any case, they thought alike when it came to rural electrification and G&T development.

Ellender had always supported REA. As early as 1949, in a letter to "Managers and Directors of all Rural Electric Systems, NRECA Directors, State Presidents, secretaries, Managers, and Editors," he wrote of "our right to generate our own energy [as] our only bargaining power."<sup>18</sup> In the mid-Fifties, he did all he could to clog the workings of the Hoover Commission. "If the advice of the Hoover Commission were followed the net effect would be to price REA loan funds out of the reach of our farmer cooperatives," he wrote Bonner in 1955. "We must not permit this to happen," he continued. "As long as private enterprise finds itself

<sup>18</sup> Ellender to "Managers and Directors of All Rural Electric Systems, NRECA Directors, State Presidents, secretaries, Managers, and Editors," July 18, 1949, Ellender Papers, Box 9.

unable to do the job, REA must remain strong enough to permit our farm families to help themselves."<sup>19</sup> Ellender was also a big supporter of hydro-electric power in the mid-Fifties. Gajan recalls that Ellender and Sam Rayburn worked the hardest to supply the money for the southwest dams.<sup>20</sup> In 1957, the Louisiana statewide organization issued a resolution thanking Ellender for his assistance in funding various hydro-electric projects.<sup>21</sup>

In April, 1962, the same month that SLEMC0 withdrew from ALEC, Ellender went on record for the first time opposing the G&T. The Daily Iberian (New Iberia), just nine days after SLEMC0 left, reported Ellender's remark: "[In] my opinion, the REA is moving away from its original goal. Every effort should be made by the Co-ops to obtain their power and transmission needs from privately-owned companies if at all possible."<sup>22</sup> In an Alexandria paper, he accused REA of "Trying to build an empire at public expense" by loaning G&T money to LEC and other such G&Ts.<sup>23</sup> To a Lake

<sup>19</sup> Ellender to Bonner, April 21, 1955, Ellender Papers, Box 478 D-M.

<sup>20</sup> Interview with U. J. Gajan, Lafayette, Louisiana, November 16, 1981.

<sup>21</sup> Manager's Association, "Minutes," August 7, 1957, ALEC files, Baton Rouge.

<sup>22</sup> Daily Iberian, April 10, 1963, photostatic copy in Ellender Papers, Box 268-D.

<sup>23</sup> Alexandria Daily Town Talk, April 8, 1963, ibid.



Charles constituent, again in April, he was his most trenchant: "As you know, I was an original supporter of the Rural Electrification Administration because, in my mind, it fulfilled a necessity. It brought power to rural people who had not been served by private industry. However, I must say that I do not believe that Federal-supported REA co-ops should be allowed to compete with private industry. This is beyond the purview of REA, and it was never meant to be."<sup>24</sup> This change in attitude, from ardent supporter to powerful obstructionist, prompted a huge letter-writing campaign from both sides. The boards of directors of the private utilities, now with a new and powerful ally, wrote Ellender that "such a system is not needed. . . . The taxpayer's money will be wasted if such a loan is approved. All data thus far presented by the cooperatives indicate they cannot match the companies' rates even with 2% money and tax subsidy."<sup>25</sup> Co-op leaders from all over Louisiana wrote letters, and had their members write letters. In October, 1963, possibly fed up with the agitation to get the loan approved, Ellender wrote Robinson a hot letter: "I do not want any two percent money to be loaned out to any cooperative, or any group of cooperatives unless the

<sup>24</sup> Ellender to Frank Hazmuka, April 9, 1963, Ellender Papers, Box 106-L.

<sup>25</sup> Morrison, Coughlin, Scott, et al. to Ellender, September 12, 1962, Ellender Papers, Box 268.

private utilities cannot supply their demands, or, unless the price charged for the electricity purchased is higher than could be produced by the construction of cooperative G&T facilities. In other words, I want the law, as I understand it, to be followed."<sup>26</sup>

Ellender soon became a roadblock to the loan. To try and remove it, Robinson, Bonner, Roemer, and most of the other co-op leaders in the state had gone to Washington a number of times to speak to Ellender, to persuade him to release his grip on the loan, but to no avail. Finally, Robinson decided that if individual visits by various local co-op people would not do the trick, a visit by the entire group--all at once--might succeed. What followed was a very unorthodox lobby campaign.

One day in June, 1963, Robinson and Roemer chartered a DC-6 in New Orleans, loaded it down with two cases of whiskey, and began hopping around the state picking up co-op people: first to Baton Rouge, then to Alexandria, and on to Shreveport. The plane left Alexandria with ninety-four co-op leaders and two stewardesses (a DC-6 had a legal limit of ninety-nine). The plane arrived in Shreveport to pick up the last of the group, including Roemer. The plane had only room enough for three more, but Roemer had shown up with five, including himself. The solution was simple,

<sup>26</sup> Ellender to Robinson, October 5, 1963, Ellender Papers, Box 268-D.

recalls Robinson: "we left the stewardesses in Shreveport."<sup>27</sup>

Four hours and two cases of whiskey later, Robinson and friends landed in Washington. Without time enough for lunch, they rushed to a one o'clock appointment with Ellender. "If you can imagine," Robinson recalls, "ninty-nine men, and about half of them drunk, going down this long corridor to Ellender's office." Ellender walked to the door to meet the group, apparently expecting the usual two or three representatives. "[When] they started coming in, he backed up to his door and they kept coming, backing him up to his desk, and they kept coming." Ellender was a very small man, now faced with a solid wall of hungry, slightly intoxicated co-op leaders moving toward him. Somehow he gathered the strength to climb to the top of his desk. From there he addressed the group, but they apparently had not come to listen. "They really laid it on him," Robinson remembers: "they told him that they didn't want to make anymore trips" to Washington. The group's solidarity and determination must have impressed Ellender, but he remained unmoved from his position. The co-op leaders, though, must certainly have received a boost in morale from such a solid show of power. The trip finally ended when Robinson returned the last group to New Orleans

<sup>27</sup> Interview with A. A. Robinson, New Roads, Louisiana, September 11, 1980.

eighteen hours later.<sup>28</sup>

Beginning in July, 1962, serious negotiations began between the two groups with Norman Clapp, the REA administrator, in the middle. The loan application was made August 18, 1962, but just prior to that, GSU, LP&L, and CLECO tried to stop it by offering even better proposals than the Tex-La contract of the year before. The private utilities also agreed not to stand in the way of the G&T loan if LEC would agree to sell the entire output of the generation facility to the companies for their use and resale to the distribution co-ops.<sup>29</sup> Clapp later wrote that it was during this period in the negotiations that "the basic concept of an independent G&T system began to emerge as the most logical alternative power supply plan."<sup>30</sup> Apparently he felt that the utility requests were unreasonable. But by May, 1963, the companies were again ready to lower their rates, this time to 6.25 mills. LEC refused.<sup>31</sup> From July to December, Clapp later recalled, "there were communications between the parties," but "no significant development occurred. . . ."<sup>32</sup>

<sup>28</sup> Ibid. See also, Rural Louisiana, July, 1963, 3. Included here are photographs and a report of the incident. No date is given.

<sup>29</sup> Clapp, "Information Relating to the A Loan."

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

On April 6, 1964, Clapp met with the representatives of the private utilities, and then, two days later, with the leaders of LEC. The outcome of these meetings was that LEC would not consider as "reasonable" the companies' contract proposals unless some sort of territorial protection (the right to serve all loads within the co-op service area) was given to the co-ops by the utilities. On April 17, the companies stated that if they agreed to territorial protection the co-ops must agree to three stipulations: One, that the co-ops would agree to complete regulation by the Louisiana Public Service Commission; two, that they would pay what the companies deemed normal interest rates; and three, that the co-ops would pay all local, parish, state, and federal taxes.<sup>33</sup> The co-ops, of course, had since the inception of REA been allowed two percent loans, plus tax exempt status and subsidies for bringing electricity to highly unprofitable areas of the country.

Territorial protection is something that co-op leaders in Louisiana had wanted since the late Fifties, but the private utilities vigorously opposed it. It is a complicated topic and will be looked at in detail later. Its bearing on these negotiations is that the companies continued to fight it, and that Clapp (later) stated that he had been annoyed by the companies' refusal to allow it. I

<sup>33</sup> Ibid.

"regret that the companies had not made a greater effort to reach a mutually satisfactory solution to territorial protection."<sup>34</sup> Clapp, perhaps believing that the companies were not negotiating in good faith, as demonstrated by their unwillingness to compromise, ultimately ruled against them by approving the loan to LEC.

On May 14, 1964, lawyers representing the two groups met at the Monteleone Hotel in New Orleans. D. J. Anders, Theo Cangelosi, Claude Duval, and W. L. Faulkenwald told the representatives of the companies that they wanted territorial protection. The companies' attorneys reiterated that "they would not be a party to such a program whether by legislation or private agreement." The companies in turn asked "that the Cooperatives would immediately withdraw their G&T loan application," and "that the Cooperatives would immediately execute ten year supply contracts with the Companies." The co-op lawyers then "summarily stated that the offer . . . was entirely unacceptable."<sup>35</sup> If this is in any way representative of the negotiations, it

<sup>34</sup> Ibid. Clapp's interaction with the private companies was often antagonistic. "Your failure to accept the area protection concept and territorial allocation is likewise inconsistent with the recognition of the rights of the cooperatives to serve all loads in their service areas regardless of character or size." Norman Clapp to G. C. Rawls, F. H. Coughlin, J. J. Morrison, May 28, 1964, Ellender Papers, Box 207-D.

<sup>35</sup> "Minutes" of meeting between lawyers of co-ops and lawyers of companies, May 14, 1964, Ellender Papers, Box 292-D; Rural Louisiana, June, 1964, 2.

is no wonder that no agreements were reached. In a letter several days later explaining to Clapp why they had not accepted the co-op leader's demands for territorial protection, the company leaders wrote: It is "purely a matter of law and beyond the scope of a power agreement between the Companies and the Cooperatives. . . ."36

The co-ops worked out a prerequisite agreement for standby power (power that can be provided in the case of an emergency or maintenance situation) with the Southwest Power Authority.<sup>37</sup> And on September 13, 1964, Clapp wrote to the President of the Senate: "I inform you that I have today approved a loan to Louisiana Electric Cooperatives . . . in the amount of \$56,521,000 for the financing of certain generation and transmission facilities."<sup>38</sup>

The loan was to be broken down for the following needs: Two 100 megawatt gas fired steam units at an estimated cost of \$27,079,200, and 627 miles of 161 KV line and related substations and switches for \$13,747,000. Included here

<sup>36</sup> F. H. Coughlin, J. J. Morrison and G. C. Rawls to Clapp, May 22, 1964, Ellender Papers, Box 292, D.

<sup>37</sup> Clapp, "Information Relating to the A Loan." Statement of Charles Roemer Before Bureau of Reclamation and Interior Power Marketing Agencies Subcommittee of the Senate Appropriations Committee," (undated, unpublished copy in ALEC files, Baton Rouge), 6-22.

<sup>38</sup> Norman Clapp to Carl Hayden, September 12, 1964, ALEC files, Baton Rouge.

were eighty-two miles of 161 KV lines into Arkansas to allow for the interconnection to SPA.<sup>39</sup>

Two weeks after the loan was approved, Clapp received a strongly worded letter from Ellender. His first concern was that Clapp had refused to discuss rates unless the utilities agreed to settle the problem of territorial jurisdiction. "I doubt the REA Act gives you that authority," he write. His second concern was stated in the strongest language. "I want it clearly understood that the Federal government will not be called upon to bail out any of the cooperatives for any debts or arrangements for the purchase of power [from the proposed G&T] made by them." Ellender's third concern was in response to an eleventh-hour offer from the private utilities of a base charge of 6.04.<sup>40</sup>

In his letter to the President of the Senate, Clapp estimated that this rate would convert to about 7.16 mills, once such expenses as interest, amortization, insurance, taxes, operating and maintenance costs were added. Clapp then compared this 7.16 to the 6.8 mills that LEC had computed as their produced-power rate.<sup>41</sup> In a letter to Ellender, some seven months after the loan to LEC was

<sup>39</sup> Pamphlet distributed by United States Department of Agriculture and Rural Electrification Administration, September 16, 1964, Ellender Papers, 400-D; Clapp, "Information Relating to the A Loan."

<sup>40</sup> Ellender to Clapp, September 28, 1964, Ellender Papers, Box 268-D.

<sup>41</sup> Clapp, "Information Relating to the A Loan."



approved by Clapp, the three presidents of Louisiana's private utilities stated that such additions to the base rate were incorrect. "When those costs were estimated and added to the rates of the companies, the cost of purchased power becomes 6.15 mills/kwh--not 7.16 mills/kwh as the Administrator has stated."<sup>42</sup> The figures supplied to Ellender corroborate this. The total cost of power (adjusted to 7 1/2 percent of the annual bill for interest, amortization, insurance, taxes, and estimated station costs) to the ninety-four distribution co-op delivery points throughout Louisiana was \$2,983,504 for the 1964 fiscal year. This figure, divided by the total annual consumption of 485,044,000 kilowatt hours by all twelve co-ops for the same period, is 6.1509. This would have been the average cost of electricity to Louisiana's distribution co-ops had they chosen to take it--that is, had they not built the G&T plant. It also represents the lowest possible rate that the utilities could have offered, having been based on the previous fiscal year's consumption. These figures are generally equal to figures published in the REA Annual Statistical Report for 1964, but REA's fiscal period is based on the calendar year rather than the June-fiscal period used by the private companies, which

<sup>42</sup> F. H. Coughlin, J. J. Morrison, G. C. Rawls to Ellender, April 29, 1965, ALEC files, Baton Rouge. Their emphasis.

would allow for some discrepancies.<sup>43</sup>

Ellender's information, or at least what he chose to believe, was quite different from the information that Clapp had received. In his letter to Clapp, Ellender stated that the G&T could not produce electricity for anything under 7.25 to 7.50 mills. He then cited the 6.04 mill base rate offered by the companies--a considerable difference of as much as 1.21 mills.<sup>44</sup> Clapp, though, stated in his letter to the President of the Senate that LEC could produce electricity for as little as 6.8 mills, while the companies would not sett it for anything less than 7.16, a difference (the other way, of course) of .36 mills.<sup>45</sup>

It is impossible to say what were the correct statistics. Clapp's assumption that the companies' last offer of 6.04 somehow converted to 7.16 is certainly incorrect. He either miscalculated or was misinformed of the statistics. He may have realized that because of company belligerence (in not giving territorial protection) and the monopoly situation in Louisiana, cooperative independence was necessary to protect the co-ops. The companies' tactic of

<sup>43</sup> Ibid. United States Department of Agriculture Rural Electrification Administration, Annual Statistical Report 1964, (Washington, USGPO, 1964), 107-110.

<sup>44</sup> Ellender to Clapp, September 28, 1964, Ellender Papers, Box 268-D.

<sup>45</sup> Clapp, "Information Relating to the A Loan."

waiting until the last moment to offer their lowest rate seems to suggest that they were not negotiating in good faith. Furthermore, Ellender's insistence that the G&T could not produce electricity for less than 7.25 to 7.50 mills also seems out of line. These figures may have come from the SLEMCO G&T study that was certainly made available to Ellender.

But of all the factors here, the price of electricity was the least important. The co-op leaders quite possibly knew that the companies had the power to lower their rates enough finally to undercut what the co-ops had estimated to be their produced-power rate, just as a large powerful company can afford to lower its prices finally to put a smaller, less profitable company out of business. The price of electricity was not the issue here as it had been in the first G&T plan in the early Fifties--at least it was not the immediate issue. Obviously, once the plant was built, and electricity was being distributed, the co-ops would work to bring prices down. But immediately, the co-ops had to get out from under the private utilities because they were being smothered, indeed, were being monopolized. As long as there was only one place that the co-ops could buy electricity, prices would be higher than they had to be. The eleventh hour price drop had proven that. And that the co-ops did not take the lower rates also shows that they were moving for their independence, not for lower rates.

The approval of the loan on September 12, 1964, though, was a long way from granting the loan. Ellender had no real power over loan approvals from REA (the REA administrator is a Presidential appointment), but he could stand in the way of the release of the money. The private utilities were unsuccessful in stopping the loan approval through negotiations, but now they marshaled their efforts toward court maneuverings to keep the funds from being granted.

Ellender and Gajan both, of course, felt they were doing the right things for those people they represented. The object for both was cheap electricity. But in the process, they had managed to throw a monkey wrench into the workings of LEC. Ellender had tried to use his influence and power to stop the approval of the loan, and certainly Clapp was reluctant to approve a loan so ardently opposed by the state's senior senator. Gajan's effect was to sour Ellender, but, in the end, his exit allowed LEC to get on with its business without being hampered by a dissenting vote.

What appeared to be a large hurdle crossed (the final approval of the loan) was simply the beginning of a tremendous series of barriers that would have to be crossed. For the next five years, until the groundbreaking ceremony on June 23, 1969, the road would be rough.

## CHAPTER 7

### TERRITORIAL PROTECTION AND JOHN MCKEITHEN

Territorial protection has been mentioned as one of many points of controversy between the co-ops and the private companies over the G&T loan approval. But the question of territorial protection had been around for some time. It is, in some ways, a part of the G&T controversy because the question was finally solved as part of a compromise that released the loan. But because its beginnings were different, and the battle for it was fought on the state level rather than the federal level where the G&T was fought, territorial protection will be treated here as a separate topic.

What the co-ops wanted in territorial protection was simply to prohibit any utility (investor-owned or consumer-owned) from duplicating lines already built or from moving into an area already being served. The most commonly favored protection legislation was the 300-foot rule which gave the owner of an existing line protection against encroachment for 300 feet on either side of that line. An area already occupied (cordoned off by lines) was virtually guaranteed for the future. The rule was designed to bring

stability to a haphazard situation that had allowed utilities to serve anyone anywhere. It would also end needless and expensive duplication of existing lines. Furthermore, an agreement of this sort would be a big step in the direction of mutual understanding and compromise between the co-ops and the investor-owned utilities.

The need for a territorial protection rule began late in the 1950's when the private utilities began moving into areas historically served by the co-ops. In 1956, Bonner, for the first time, mentioned private utility "pirating" and line duplication of co-op facilities, citing a takeover by CLECO of the Scheutz subdivision in DeRidder. In his article, Bonner added photographs of spitelines (electrical lines not electrified, used simply to control an area for future development rather than to serve it) and duplication of existing co-op lines.<sup>1</sup> Problems of this sort escalated in the Sixties, and Bonner continued to report them.<sup>2</sup> The co-ops were too small and too weak to take a strong stand against these aggressive, high-pressure tactics. But by introducing legislation, they hoped to protect their

<sup>1</sup> Rural Louisiana, July, 1956, 4.

<sup>2</sup> Ibid. October 1958, 3; ibid., January, 1959, 4; ibid., November, 1960, 4; ibid., April, 1964, 10; ibid., September, 1963, 14; ibid., August, 1963, 12; ibid., October, 1958; ibid., April, 1960, 11; ibid., October, 1963, 3; ibid., April, 1964, 17; ibid., August, 1958, 2; P. R. Hall (manager at SLECA to Richard Richter (Director of the Southwest for REA), October 11, 1963, ALEC files, Baton Rouge; Manager's Association, "Minutes," September 5, 1958.

territorial integrity and the areas that they had historically served.

In 1962, ALEC introduced House Bill 425 into the legislature. It was designed to eliminate all these problems with the private companies. Once the legal jargon is eliminated, the bill is simple:

No electric public utility, electric cooperative or other supplier of electricity service shall construct or extend its facilities . . . to any premises, which . . . are being served by, or which are not being served or are located within three hundred feet of the distribution lines of another supplier. . . .<sup>3</sup>

Bonner and ALEC rallied with a publicity drive and lobby campaign. Roemer was given the role of leader, and the bill was optimistically dubbed the "Fair Play Bill" in Rural Louisiana.<sup>4</sup>

The bill was dropped in the legislative hopper in mid-May and placed in Judiciary A committee, which was led by John Schwegmann of Orleans Parish. Schwegmann was running against Hale Boggs in a U.S. Congressional race and had turned more than one Judiciary A committee meeting into an anti-communist forum. In the early Sixties, voters responded favorably to politicians who found communists where they were not supposed to be. According to Bonner, Schwegmann found communism lurking in Louisiana's co-ops.

<sup>3</sup> H.R. 425 is published in its entirety in Rural Louisiana, May, 1962, 4.

<sup>4</sup> Ibid., May, 1962, 2.

Bonner wrote: In his zeal to defeat the Electric Co-ops' territorial integrity Bill [Schwegmann] linked the Co-ops and their supporters to Russian communistic experiments and spoke loudly in terms of 'Americanism,' preserving free enterprise, and 'marching socialism.'"<sup>5</sup> No records were kept of committee meetings in the early Sixties, so it is impossible to know just what Schwegmann said, but he was notorious for such actions, and co-ops were well-known targets.

On May 30, the bill was reported unfavorably from the committee.<sup>6</sup> The next day, the committee's minority resolution to allow the bill to be debated on the floor was voted down by the House in a vote of sixty to twenty-five.<sup>7</sup> Probably the most interesting thing about the bill was that of its twenty-five sponsors, thirteen turned around and voted to kill the bill, leading Bonner, even today, to ponder the possibility of foul play.<sup>8</sup> If not that, the private utility lobby had certainly earned its money. Just after Memorial Day, 1962, the Fair Play Bill, despite its

<sup>5</sup> Ibid., June, 1962, 2.

<sup>6</sup> 1962 Legislative Calendar of the State of Louisiana, 25th session, 1962, 100.

<sup>7</sup> Official Journal of the Proceedings of the House of Representatives of the State of Louisiana, 25th session, 362.

<sup>8</sup> Interview with Mark Bonner, Baton Rouge, August 20, 1980.



good name, was killed--easily. "They just beat our butts off," recalls Bonner. "They beat the hell out of us on that simple thing."<sup>9</sup> But there would be another day.

Two years later, in the midst of the G&T discussions, the two groups tried to come to some sort of agreement over territoriality as a part of these discussions. On May 7, 1964, the lawyers of the two groups met at the Monteleone Hotel in New Orleans to debate, among other things, territorial protection. One week later they met again, and the co-op lawyers stated their need for an "area concept," with disputes to "be worked out by agreement between the Companies and the Cooperatives rather than [by] Legislation." The response was predictable. "The Company attorneys again stated that they would not be a party to any such program, whether by Legislation or private agreement."<sup>10</sup> Eight days later, the company representatives wrote to Norman Clapp to explain their interpretation of the meeting. They made it clear to Clapp that they would not be a part of any territorial agreement unless the co-ops would come under the Louisiana Public Service Commission.<sup>11</sup> In June, Bonner wrote that at these meetings

<sup>9</sup> Ibid.

<sup>10</sup> Rural Louisiana, June, 1964, 2; "Minutes" of meeting between lawyers of co-ops and lawyers of companies, May 14, 1964, Ellender Papers, Box 292-D, Allen Ellender Library, Nichols State University, Thibodaux, Louisiana.

<sup>11</sup> F. H. Coughlin, J. J. Morrison, G. C. Rawls to Norman Clapp, May 22, 1964, ibid.

the co-op leaders had not objected to the PSC as arbitrator of disputes, that, in fact, they welcomed a powerful and, supposedly, unbiased umpire. But the companies refused to agree to any territorial integrity rule such as the 300-foot rule that the co-ops wanted. They would simply have the PSC deal with disputes as they arose. This would give no legislative basis for the decisions made by the PSC, and should the members of the PSC change, as, of course, they would over the years, the attitude of the commission could just as easily change--possibly to the detriment of the co-ops. With that stumbling block thrown in the way, and with the deadline fast approaching for filing bills in the legislature, negotiations terminated. Both groups would submit bills and let the legislature decide.<sup>12</sup> It looked again as though the co-ops would get the short end.

The utilities' refusal to allow territoriality may have caused Clapp to approve the G&T loan to LEC. It certainly demonstrated to him that the utilities were not negotiating in good faith. In his letter of explanation for approving the loan, he stated, among other reasons for approval, his "regret" that the companies had not made a greater effort to reach a mutually satisfactory solution to territorial protection.<sup>13</sup>

<sup>12</sup> Rural Louisiana, June, 1964, 2.

<sup>13</sup> Norman Clapp, "Information Relating to the 'A' Loan Application of Louisiana Electric Cooperative, Inc. of New Roads, Louisiana," September 12, 1964 (unpublished copy, ALEC files, Baton Rouge).

On May 28, the co-ops filed three bills: HR 811, HR 812, and HR 813. Of the three, HR 813 is the most important. It would grant the PSC jurisdiction over the co-ops where disputes had occurred between the co-ops and the private utilities. But it would exempt the co-ops from PSC jurisdiction in relationships between the co-ops and REA, and between the co-ops and their own membership. The bill would also allow the PSC to allocate territory among the co-ops and the private utilities. This allocation was to be granted to the utility which first served an area and which served the largest number of consumers there. This type of territorial guarantee was apparently more desirable to the co-ops than the 300-foot rule.<sup>14</sup> Bills 811 and 812 were simply clarifications of PSC jurisdiction over the co-ops.

The companies' bill, the Munson-Womack Bill, was filed two days earlier. Its purpose was "to remove statutory exemptions of co-ops from jurisdiction of the Public Service Commission"--that is, to put the co-ops entirely under the jurisdiction of the PSC.<sup>15</sup>

The co-op bills were read May 18, passed to Judiciary B on May 31, reported unfavorably on June 9, and killed the next day.<sup>16</sup> They were handled so swiftly and so roughly

<sup>14</sup> Bill printed in its entirety in Rural Louisiana, June, 1964, 3.

<sup>15</sup> Legislative Calendar, 27th session, 158.

<sup>16</sup> Ibid., 158.

that the co-op organizers barely had enough time to bring their influence to bear. They did not have a chance.

For the companies' bill, though, it was a different story. It was also sent to Judiciary B, but three days before the co-op bill. By the time the co-op's plan was considered, the utilities had had plenty of time to state their case to the same committee members. On June 9, the same day that the co-op bills were reported unfavorably, the Munson-Womack Bill received a favorable report. Timing, it seemed, was everything--at least in this case. On June 11, the bill passed the House with a respectable eighty-two to eighteen vote, and was passed on to the Senate. It was reported favorably from committee there on June 18 and adopted five days later, again with a respectable vote of thirty-one to seven. The next day, the House approved a few Senate amendments, and the bill slid its way on to the governor's desk where, after such resounding legislative support, no opposition was expected.<sup>17</sup>

In the final hours of the ten-day veto deadline, Bonner visited Governor John McKeithen in a last-ditch effort to stop the bill from becoming law. But the governor was not seeing anyone; he had, of all things, the mumps. Bonner resorted to speaking with Gus Weil, a McKeithen aide. "And here came Big John," Bonner recalls, "stumbling out

<sup>17</sup> Ibid., 158.

of the office in his pajamas." His bearlike growl startled Bonner: "Boy, quit your damn worrying. Let the sons-a-bitches pass the bill. I'll veto the damn thing." And, as Bonner remembers, "that's exactly what he did."<sup>18</sup> On July 6, his veto message was read in the legislature:

Having been a member of the Public Service Commission for approximately ten years, I am thoroughly familiar with the problems of both the electrical cooperatives and other utility companies and the conflicts which develop between them from time to time. Based upon this knowledge, I feel that this bill goes too far and that it would be unwise to place all phases of the activities of cooperatives under the Louisiana Public Service Commission. Some portions of their activities undoubtedly should be regulated, and, if at some future legislative session a less comprehensive bill is passed, I will be happy to sign it.

And with that, the ordeal ended. On the day the veto was read, it was sustained, eighty-one to fourteen.<sup>19</sup>

Bonner stated that it took a lot of courage for McKeithen to veto that bill. The sponsors, Lantz Womack and Robert Munson, were McKeithen floor leaders. The bill passed both houses quickly, and with strong support. But McKeithen, still in the early months of his administration, had a strong grip on the legislature, shown by the lopsided vote to override.

<sup>18</sup> Interview with Mark Bonner, Baton Rouge, August 28, 1980.

<sup>19</sup> Legislative Calendar, 27th session, 158. The veto was dated July 4, 1964. It is printed in Official Journal of the Proceedings of the House of Representatives, 27th session, 1, 532. It is also printed in Rural Louisiana, July, 1964, 2.

Bonner's reaction to all this was to let the rural people of the state know what the governor had done for them. He placed an eight-by-ten photograph of McKeithen on the front page of Rural Louisiana with the headline: "Governor Protects Rural Folks."<sup>20</sup> Also in the issue, Bonner published photographs of the legislators who voted against the company bill.<sup>21</sup> But he then went one step further by publishing the names of those who voted for the company bill. They were shackled with the headline: "These are the Legislators Who Voted Against Your Cooperative."<sup>22</sup> This sort of publicity is one of the worst things that can happen to a politician, and certainly many of them remembered it later when co-op bills came up for consideration. It is worth mentioning, parenthetically, that a young senator from Acadia Parish, Edwin Edwards, was listed among those "Who Voted Against Your Cooperative." He never would again.<sup>23</sup>

Bonner's power must have gotten a real shot in the arm from this incident. Legislators did not want themselves blacklisted in a newspaper that hit every rural doorstep in Louisiana each month. Also, he had (or at

<sup>20</sup> Rural Louisiana, July, 1964, 1.

<sup>21</sup> Ibid., 3.

<sup>22</sup> Ibid., 4.

<sup>23</sup> Ibid., 4.

least it seemed he had) enlisted the support of a powerful ally in McKeithen against the armies of two great enemies: the hostile legislature, and their all-powerful allies, the utilities. At the end of his article praising McKeithen, and raising him to a level somewhere between an American hero and a demigod, Bonner writes: "Thanks, Governor, for our reprieve to fight another day."<sup>24</sup> And, of course, they would. Bonner and ALEC were poised to take on Washington in their fight to release the G&T money.

<sup>24</sup> Ibid., 4.

## CHAPTER 8

### FOUR YEARS OF FIGHTING: 1964-1968

Bonner announced the approval of the loan in Rural Louisiana in September 1964. He was jubilant. He wrote that construction would take place in fifty parishes in Louisiana, and that the plant itself would be located somewhere near New Roads. The issue also included an artist's conception of the new plant.<sup>1</sup> Four years later, at an LEC meeting in Houma, Norman Clapp (now in his last six months in office) stated, "No where has the controversy over an REA loan been more bitter than here in Louisiana over this loan for your generation and major transmission."<sup>2</sup> In the years between these two announcements the private utilities dragged LEC and REA into every possible nook and cranny of the state and federal court system. By the time Clapp made that statement in 1968, LEC had spent nearly one million dollars in legal fees, and the cost of building the plant had risen to where the fifty-six million

<sup>1</sup> Rural Louisiana, September, 1964, 1-3.

<sup>2</sup> Remarks of Norman Clapp before the annual meeting of the Association of Louisiana Electric Cooperatives, Houma, Louisiana, May 10, 1968, Allen Ellender Papers, Box 207-D, Ellender Library, Nichols State University, Thibodaux, Louisiana. Also quoted in Rural Louisiana. June, 1968, 3.



originally loaned in 1964 was not adequate to do the job in 1968. The private companies had effectively turned the legal system into a legal quagmire that had stopped LEC dead in its tracks.

The loan was approved on September 14, 1964. Within one month, the private utilities had made two, almost simultaneous moves to block the granting of the loan. On October 26, they went before the United States District Court in Shreveport to ask for an injunction to stop the loan.<sup>3</sup> Before Judge Benjamin C. Dawkins, they "claimed that the result of consummation of the loan will be illegal competition. . . ." They also complained that the "Administrator [Norman Clapp] conspired with the super cooperative [LEC] to create an unregulated monopoly and to deprive plaintiff of its property and income." They went on to accuse Clapp, who was also named in the suit, of attempting "to coerce plaintiff . . . to agree to so-called 'territorial integrity.'" This apparently was enough to persuade Judge Dawkins to issue the injunction on November 18, 1964, putting the brakes on the entire effort.<sup>4</sup> It was only the beginning of the battle in federal courts, where only half the war was fought.

<sup>3</sup> Central Louisiana Electric Company, Inc., v. Rural Electrification Administration, Norman Clapp, and Orville Freeman. Federal Supplement, Vol 236 (West Publishing Company, St. Paul Minnesota, 1965), 273.

<sup>4</sup> Ibid., 271-280.

At the same time the private companies were shedding tears before Dawkins, they appealed to the Louisiana Public Service Commission in a less successful attempt to double their case against LEC. They went before the Commission on September 30, 1964, just sixteen days after the loan was approved. Their argument was that "the proposed generating station will not be in the . . . best interests of cooperatives' members, in that [the private utilities] allege the cooperative defendant cannot produce power as economically . . . as its customers now receive. . . ." the companies went on to complain that if the G&T plant were built, it "would constitute the stealing of existing customers. . . ." <sup>5</sup>

The PSC ruled, on March 29, 1965, that the co-op members were not customers but consumers, and, therefore, the companies had incorrectly stated their case. <sup>6</sup> In other words, the case was dismissed on a technicality. The companies countered by filing suit against the PSC in Nineteenth District Court in Baton Rouge, asking that the PSC be forced to hear the case on its merits. The court agreed and the case was sent back to the PSC on April 26,

<sup>5</sup> Louisiana Public Service Commission, Forty-fifth Annual Report of the Louisiana Public Service Commission (n.p., December 31, 1965), 100-101.

<sup>6</sup> Ibid., 101.

1965.<sup>7</sup>

Meanwhile, on the federal level, LEC had appealed the Dawkins decision to the Fifth Circuit Court of Appeals. There, in an unanimous decision, the court overturned the injunction, stating that "making a loan for the construction of competitive facilities is not a deprivation of property rights. . . ." The judges also stated that "the new cooperative has a right to compete," and that "those who have heretofore purchased electric power from the complaining companies certainly have the right, if they wish, to buy from the new establishment [LEC]." Furthermore, the companies "are to completely lose customers which heretofore they alone had, but this is not an unusual product of competition." Finally, after some twenty pages of opinion, the judges decided: "We are nevertheless constrained to the opinion that appellees [the private utilities] did not have the requisite standing to bring this action and neither do the courts have jurisdiction to review the granting or denial of loans by the Rural Electrification Administration. The Judgement must be reversed." But

<sup>7</sup> Central Louisiana Electric Company, et al. v. Louisiana Public Service Commission, Case # 122,693, Nineteenth District Court, Clerk of Court Records, East Baton Rouge Parish, Courthouse, Baton Rouge. On March 29, 1968, Judge Luther Cole, in deciding the last case in these series of cases, wrote this short history of the cases that came before the PSC and the Nineteenth District Court between the companies and the co-ops from 1964 to 1968.

the judges, provoking what must have been a colossal disappointment to LEC people, added an appendix to the opinion stating that since the case will go before the Supreme Court it would not allow the loan money to be released until that higher court made its decision.<sup>8</sup>

On the state level, in April, 1965, the case had been sent back to the PSC to be heard on its merits. There, on June 28, 1967, the PSC ruled that it had no jurisdiction.<sup>9</sup> On July 7, the companies persisted by petitioning for a rehearing, and six days later than was denied.<sup>10</sup> The companies were nearing the end of their legal rope on the state level. They again went before the Nineteenth Judicial Court in Baton Rouge to force the PSC into a discussion. Judge Luther Cole agreed that the PSC had no jurisdiction over the case. And in December, the State Supreme Court agreed.<sup>11</sup> The private companies had lost the state fight.

On the federal level, things were also coming to a close. Before the Supreme Court, the utilities' appeal

<sup>8</sup> Rural Electrification Administration et al. v. Central Louisiana Electric Company, Inc., et al., Federal Reporter, Vol. 354, Federal Second Series (West Publishing Company, St. Paul, Minnesota, 1969), 859-868. Their emphasis.

<sup>9</sup> Louisiana PSC, Forty-seventh Annual Report (December 31, 1967), 77.

<sup>10</sup> Ibid., 87-88.

<sup>11</sup> Case Number 122,693, Nineteenth Judicial Court, Clerk of Court Records, East Baton Rouge Parish, Courthouse, Baton Rouge.

was denied on October 10, 1966.<sup>12</sup> One year later, their petition for a rehearing was denied.<sup>13</sup> This decision not to decide lifted the injunction on the release of the money placed by the Fifth Circuit Court.

On December 13, 1968, with these legal road blocks removed, REA announced that it would release the loan. Between that date and Christmas Day, the companies would try to again marshal their legal forces to stop the loan, while at the same time Robinson would go through a series of cloak and dagger maneuvers to consummate the loan--spend some of the money. But while all this legal rigmarole was taking place, LEC was having other problems that also jeopardized the loan's release.

On September 2, 1964, just a few days before the initial approval of the loan, Douglas Wright, the Administrator of the Southwest Power Administration, agreed to provide 75,000 KW of standby power for the LEC plant.<sup>14</sup> This agreement was necessary for the loan approval. No

<sup>12</sup> Supreme Court Reporter: Cases Argued and Determined in the Supreme Court of the United States, 385 US 815, Vol. 87, October term, 1966, (West Publishing Company, St. Paul, Minnesota, 1968), 34.

<sup>13</sup> Ibid., 388.

<sup>14</sup> Statement of Charles Roemer before the Bureau of Reclamation and Interior Power Marketing Agencies Subcommittee of the Senate Appropriations Committee (undated [1967?], unpublished copy in ALEC files, Baton Rouge), 6.

electrical system could operate without some sort of standby power. This 75,000 KW was the amount of power that would be available to LEC should the plant have to be shut down for any reason. In exchange, LEC agreed to supply ten percent of its capacity to SPA, which SPA could then sell at its own discretion. The result would be that SPA would make considerable profit from the sale while providing LEC with all the standby power it needed.<sup>15</sup> All of this was to be a part of a larger plan to connect several SPA-built dams in Arkansas and Oklahoma. The money to do it all was to come from the Department of the Interior except for the connection from Louisiana to the system that was to be paid for by LEC. The connection was to be made through eighty-two miles of 161 KV line to the hookup at Prescott, Arkansas.<sup>16</sup>

All of that was satisfactory until Dawkins' injunction, on October 26, 1964, which, among other things, did not allow LEC to move forward in any way with the G&T plan; it forbade them to draw up and sign the contract with SPA. But the SPA "agreement," which had been unofficially

<sup>15</sup> Supplement to Testimony of Charles Roemer in Behalf of Louisiana Electric Cooperative before the Subcommittee on Public Works, Senate Committee on Appropriations (May 3, 1966, unpublished copy in ALEC files, Baton Rouge), 5.

<sup>16</sup> Ibid., 1; Rural Louisiana, April, 1966, 3; Norman Clapp, "Information Relating to the 'A' Loan Application of Louisiana Electric Cooperative, Inc. of New Roads, Louisiana," September 12, 1964 (unpublished copy, ALEC files, Baton Rouge).

initialed by Wright, still stood, and in 1965, Wright went before the Senate Appropriations Committee to ask for the money to get the job started.<sup>17</sup> But then there was a change of heart. Sometime in early 1966, Wright decided to deal with Louisiana's private utilities instead. He had the money held over to connect the SPA dams until 1967, pending an agreement with the private utilities to wheel SPA power between the dams on their transmission lines, thereby saving the government most of the \$4,500,000 it would take to build new lines connecting the dams. The problem was that the agreement between SPA and the utilities left out the LEC hookup at Prescott, and the loan release was predicated on that hook up.<sup>18</sup>

The LEC members were astonished and caught off guard. They met with Wright at his office in Tulsa on March 22. As Roemer told the House Committee on Appropriations in May, "Amazingly, Mr. Wright told us, and I was in the group, that he had no obligation to the Louisiana G&T.

<sup>17</sup> Statement of Roemer before Bureau of Reclamation, 7.

<sup>18</sup> Ibid., 3, 6, 8, 14; Testimony of J. J. Morrison before the Senate Subcommittee on Appropriations for Department of Agriculture and Related Agencies, May 11, 1967 (unpublished copy in ALEC files, Baton Rouge), 15; Statement of Charles E. Roemer II on Behalf of Louisiana Electric Cooperative, Inc. and the Association of Louisiana Electric Cooperatives, Inc. before the U.S. House of Representatives, Committee on Appropriations, Public Works Subcommittee, May 2, 1966 (unpublished copy, ALEC files, Baton Rouge), 2, 11.

Furthermore, he said that his . . . agreement was 'no more than a scrap of paper--an offer at most.' And that he had made no attempt to negotiate with the companies to help a G&T he 'never believed in in the first place.'"<sup>19</sup>

Four days later, the LEC group met with Kenneth Holum, Assistant Secretary of the Interior, and, following that, LEC members testified repeatedly before various Congressional subcommittees--all to no avail.<sup>20</sup> The SPA agreement was dead.

There is no evidence that the utilities conspired with Wright in order to place another road block in front of LEC, but since that agreement excluded any consideration of LEC, and since the companies had not shown any interest in any of it until after it looked as though they would lose the Federal Court battle, there is good reason to believe they did. Roemer (and probably most LEC officials) believed that. In a statement before a Senate Appropriations Subcommittee in 1967, Roemer stated: "The companies had never shown the slightest inclination to negotiate a contract with Mr. Wright until after our standby arrangement came into the picture, and until after we had won a major victory in federal courts."<sup>21</sup> The companies argued that

<sup>19</sup> Ibid., 11.

<sup>20</sup> Ibid., 11-12.

<sup>21</sup> Statement of Roemer before Bureau of Reclamation,  
10. Roemer's emphasis.



the SPA connection to LEC was a further subsidy of the entire program--a program that they did not believe in, and apparently were willing to go to any extent to kill.<sup>22</sup> It was Bonner's opinion, though, that Wright wanted so badly to work out the agreement with the private utilities that he was more than willing to forsake LEC to do it upon request from the utilities.<sup>23</sup>

Without the SPA arrangement, LEC could lose the loan. They had to look for a possible alternate standby power source. Consequently, Robinson, who had some connections with Dow Chemical executives, found that Dow was one of the biggest generators of private power in the country and fully capable of providing standby power for LEC. Furthermore, Dow was unhappy with its relationship with GSU, which had been supplying it with standby. To add to the capacity of this proposed LEC-Dow pool, Robinson sought to bring into the arrangement one or two municipalities. He was successful in selling the arrangement to the city of Lafayette, and, finally, after some contributions to a few political campaigns, the town of Plaquemine. The agreement was struck. It was the first time, anywhere, that public, private, and

<sup>22</sup> Morrison before the Senate Subcommittee on Appropriations, 15. J. J. Morrison was Chairman of the Board at GSU in 1966. By 1967, he was given the position of Director and Consultant at GSU.

<sup>23</sup> Rural Louisiana, January, 1969, 2.

municipal power had come together in a pooling arrangement.<sup>27</sup>

The way the proposed plan would work was that transmission lines would be constructed between the four parts (Dow, Plaquemines, Lafayette, and LEC); LEC was willing to do that in order to obtain the standby power it needed. But the plan annoyed the private utilities. These lines built from the LEC plant near New Roads, west to Lafayette, would pre-empt, or control, the areas they covered. The result would be that utilities would lose control of a lot of territory that included many budding businesses in south Louisiana--from chemical plants to independent shrimping operations.<sup>28</sup> The plan would also sidestep the SPA road block that the companies had thrown down, and, at least on the question of standby power, it would move LEC closer to the release of the loan. The companies, beginning to lose the fight, complained to Ellender: "Under the proposed arrangement, Dow Chemical, a major national industrial company, would benefit from tax free power. The use of 2% funds to build transmission lines and generating facilities to benefit large industries like Dow was never intended by Congress."<sup>29</sup>

<sup>27</sup> Interview with A. A. Robinson, New Roads, Louisiana, September 11, 1980; Interview with A. A. Robinson, Baton Rouge, May 19, 1982.

<sup>28</sup> Ibid.

<sup>29</sup> Norman Lee to Ellender, August 26, 1969, Ellender Papers, Box 207-D. Lee was Chairman of the Board at LP&L. See a similar letter one month later. Lee to Ellender, October 2, 1968, ibid.

At about the time of the formation of the Dow Pool, it had become increasingly clear to LEC officials that higher construction costs, higher fuel costs, and inflation had all taken their toll on the fifty-six million dollars originally approved. Building a generating plant, and then building transmission lines and substations to twelve co-ops would be impossible at that price. A new, temporary, even inadequate, system would have to be worked out. The new plan was announced as part of the Dow Pool, and would provide power to only four of the twelve co-ops, the four in the southernmost part of the state, those nearest to the plant: SLECA in Houma, Washington-St. Tammany in Franklinton, Dixie in Baton Rouge, and Pointe Coupee in New Roads.<sup>30</sup> The building of transmission lines to these four rather than to all twelve would save LEC a considerable amount of money. The only drawback was that the other eight co-ops would have to pool their power costs with the four receiving LEC power to produce an average for all twelve. The eight "outs" would, of course, have to continue buying their power from the private utilities.<sup>31</sup> But the plan, as imperfect as it was, was to be only temporary; they

<sup>30</sup> Rural Louisiana, November, 1969, 4. The best explanation of this system is Statement of Floyd W. Lewis before the Department of Agriculture and Related Agencies Subcommittee on Senate Appropriations, April 17, 1969 (unpublished copy in ALEC files, Baton Rouge), 2-3.

<sup>31</sup> Ibid., 5.

would soon enough produce all the power needed to connect the other eight.

To no one's surprise, Ellender did not like this new proposal. In a letter to all rural electric members, published in Rural Louisiana, and paraphrased by Bonner, Ellender wrote that the "new arrangement with Dow and Plaquemine and Lafayette made him think twice before jumping on the bandwagon for the loan. He is concerned because the G&T will only serve 4 of the 12 co-ops yet it would obligate the other eight to pool their costs, yet it would create a tie-in for standby power not with the Southwest Power Administration, as had been originally planned, but with Dow and two other cities." Bonner concluded Ellender's message with a quote: "In all honesty, I cannot see why I should be tarred and feathered for being concerned over this peculiar set of facts and circumstances."<sup>32</sup>

In the middle of all these controversies, Robinson found himself stuck with the problem of buying property for the plant. He was in Washington testifying before one of several subcommittees when, as he remembers, he was asked: "Well, do you have a place to put this plant, and I said, Richard Glenn's place, and we just cut eighty acres out of the heart of his farm. He was selling land and didn't know it." As it turned out, the purchase was for

<sup>32</sup> Rural Louisiana, March, 1969, 14.

some 117 acres and the price was \$97,450 for the tract. Glen, who was Robinson's board chairman at Point Coupee, was more than willing to sell a large portion of his Hermitage Plantation in Ventress, just east of New Roads, for that price.<sup>33</sup> All of this may well have happened just as Robinson said it did, but it is no coincidence that the plant was finally built near New Roads. As even Edwin Edwards agrees, Robinson is a local leader; he takes care of his people. The LEC plant meant jobs, prestige, and an economic upsurge for his area.<sup>34</sup> The location of the plant also reflected Robinson's growing power as President of LEC.

By late 1968, the legal problem, both state and local, had been overcome, the difficulty with standby power had been resolved, and a site was chosen, but the loan was still pending. In Washington, the private utilities had persuaded Orville Freeman, Secretary of Agriculture under the outgoing Johnson Administration, to hold off on the loan. It is Bonner's contention that Freeman was playing politics with the loan, agreeing not to release it in exchange for financial support from the utilities for Hubert Humphrey's presidential campaign.<sup>35</sup> This is a strong

<sup>33</sup> Interview with Robinson, September 11, 1980.

<sup>34</sup> Interview with Edwin Edwards, Baton Rouge, June 3, 1982.

<sup>35</sup> Interview with Mark Bonner, Baton Rouge, August 20, 1980.

accusation and difficult to prove, but it is important because Bonner believed it and reacted accordingly, and also because he was able to make Hubert Humphrey believe it.

Humphrey was the biggest fish in a sea of Washington Democrats in these late months of 1968. The presidential campaign was at full tilt, and to many observers Humphrey appeared on his way to a November victory. To Bonner and Robinson he was the man powerful enough to release the loan from its political shackles. So they went to Washington hoping to present their case to him. It was not easy to see a man as powerful as Humphrey. They called in political favors and made their most important contacts. Finally, through the assistance of a sympathetic Hale Boggs and Edwin Edwards (by then Seventh District Congressman) they wormed their way in.<sup>36</sup> "I just took it upon myself to go up there . . . and see what could be done," recalls Bonner. "It was the last desperate effort you might say."<sup>37</sup> Before they entered Humphrey's office, before they confronted this seat of power, Robinson and Bonner had discussed who was going to say what, and it was decided that Robinson, as President of the group, had the best title and that he would do most of the talking.<sup>38</sup> "So, we went in," Bonner

<sup>36</sup> Interview with Robinson, September 11, 1980; Interview with Bonner, August 20, 1980.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

recollects, "and he asked us what he could do. And I guess for the first time in his life, Bubba [Robinson] turned to me and said, 'Mark, you tell him our problem.'" Bonner's speech, as well as he remembers, went something like the following: "Well, Mr. Vice President, the power companies are running around here telling everybody all the great things that they're going to do down in Louisiana and elsewhere to help you politically and, apparently, they've convinced Secretary Freeman that he should not authorize Clapp to make this loan . . . and I think if you know the power companies as well as I do, no matter what they're saying, . . . they will not be for Hubert Humphrey." Humphrey's response to an allegation that a supposedly non-political government agency might be using funds to further his campaign was violent. Bonner recalls "Man, I thought he was going to hit me. He jumped up and hit the table, and said, 'Mark, goddamn it,' and I mean he was cussin'; let's get one goddamn thing straight, a contract is a contract, and politics is politics, and if Orville Freeman, goddamn it, doesn't have sense enough to know it, I can goddamn sure tell him.' And he picked up the phone and called him and told him: 'I want that damn loan released this afternoon.' And that's the way it happened. I must have used the right tactic, [because] it sure made him mad."<sup>39</sup>

<sup>39</sup> Ibid. See also, interview with Mark Bonner, Baton Rouge, August 29, 1980.

Robinson recalls the conversation between Humphrey and Freeman as "rough." "What he told that man, grandma's soap couldn't get off him."<sup>40</sup>

All of this, despite its light drama, still did not get the job done. The telephone call from Humphrey caused Freeman to wash his hands of the loan, but Clapp (out of respect for Louisiana's senior Senator) would still not release his grip without Ellender's approval.<sup>41</sup> But Ellender was on a political junket in Asia and nearly impossible to reach. Bonner had repeatedly sent urgent cablegrams and telegrams to Ellender all over the East. The Senator had not replied.<sup>42</sup>

The key to Ellender, at this point in his life, was Edwin Edwards. Ever since Edwards was elected to the House in 1965, Ellender had looked upon him as his protégé, and the young protégé had the Senator's ear on many topics. Edwards remembers:

I was very young, idealistic. I had a lot of time on my hands as a freshman Congressman; he was getting on in years and very busy and very preoccupied with national and international affairs . . . so I used my energy and my relationship with him to make use of the power he had in Congress for the benefit of the concepts and ideas that I was interested in . . . And with

<sup>40</sup> Interview with Robinson, September 11, 1980.

<sup>41</sup> Interview with Mark Bonner, August 20, 1980. See also Rural Louisiana, January, 1962, 2.

<sup>42</sup> Ibid., 2.



his knowledge, and without being anything but the most admiring disciple of his, I sometimes kidded him, or cajoled him into positions that he did not want to [support], but he would do it kind of as an accommodation to me.<sup>43</sup>

This power that was magically transferred from Ellender to Edwards was the obvious connection needed to bring Ellender around on the loan issue. Bonner and Robinson approached him sometime around December 13, 1968, and asked him to influence Ellender to bring the loan issue to an end. Edwards agreed.

Edwards called Ellender in Taipei, Taiwan at midnight. "I deliberately waited until about midnight his time so I could catch him in a deep sleep," Edwards remembers. I "kind of half-way laughed and apologized, and said I didn't realize, and I really did, and he knew I was lying, because he knew I knew better."<sup>44</sup>

Edwards recalls their "father-son" conversation (in French):

Ellender: "What the devil do you want?"

Edwards: "I got a serious problem."

Ellender: "You gotta wake me up in the middle of the night?"

Edwards: "Yeah, goddamn it; you can sleep tomorrow. You [are] over there enjoying yourself, having a good time and acting like an important American, and I'm over here taking care of your business."

<sup>43</sup> Interview with Edwards, June 3, 1982.

<sup>44</sup> Ibid.

Ellender: "Well, what is it?"

("And so I then told him about the problem," of the need for his approval for the loan to be released.)

Edwards: "Look, I don't have much time to talk, this is a long distance phone call, and I'm going to tell the Secretary [of Agriculture] tomorrow that you authorized me to do it."

Ellender: "Well, I'm not sure."

Edwards: "I'm not going to get you in any kind of trouble. If it creates any problem, you can always say later that it's not so."

Ellender: "Well, I don't know about that."

Edwards: "Well, okay, I'll see you soon, now take care, have a good trip, call me when you get back."

"And I hung up. The next day I told the Secretary that I had called him in Taipei and that he had said that it was all right for me to go ahead and do it." When Ellender returned in January, Edwards recalls the following conversation:

Edwards: "I want to tell you what . . . ."

Ellender: "I know what you did. You took advantage of the old man."

Edwards: "Oh, no, I would never take advantage of you. I might fool you in your own interests, because what I'm doing to you here is going to help the state and help our area, and help people that we both serve. I just thought that I would impose upon our relationship by going ahead and doing what I know is in your best interest."<sup>45</sup>

<sup>45</sup> Ibid.

There is no reason to believe Ellender was in any way duped or misled, but he was certainly forced into a decision by Edwards that he did not want to make. Bonner refers to "static on the line" in the overseas transmission between Ellender and Edwards, implying that Ellender was not quite certain what was going on, but Bonner, of course, was not there.<sup>46</sup> Edwards, as the only living member of the two-party conversation, must be relied upon: "I would have never done anything at all to abuse our friendship, or to take advantage of him or do something behind his back, or misrepresent him."<sup>47</sup> It also might be added that to abuse Ellender would have jeopardized his powerful relationship with Ellender to have a simple REA loan approved.

There was another factor that contributed to the release of the loan in these last days of 1968. The administration was lameduck; the November election had cast out of office many of those who had the power to keep the door closed on the loan, such as Freeman and Clapp. But, of course, they had to maintain the government until the Nixon Administration officially took the reins of power. Possibly Clapp wanted finally to complete a project that he had approved four years earlier, and fought for since then, before he left his post.<sup>48</sup> No one wanted to leave the work undone,

<sup>46</sup> Interview with Mark Bonner, August 29, 1980.

<sup>47</sup> Interview with Edwards, June 3, 1982.

<sup>48</sup> The position of REA Administrator is for ten years, but only David Hamil out of ten administrators has served

and there was a good chance that the Nixon Administration would be more sympathetic to the wishes and desire of the private utilities than to the co-ops.

Even though the courts agreed that the loan should be released, even though Humphrey, Freeman, Clapp, and Ellender had all given their approval, and even though a check for \$226,000 was about to be released from REA, there was still a possibility that the companies could obtain a stop order or an injunction before the loan could be consummated, that is, before Robinson could spend some of the money. Robinson thought (and he turned out to be correct) that if he could actually spend money, any request for a stop order or injunction by the private utilities would be less likely to be granted by the courts because the contract had been fulfilled.<sup>49</sup> So it was important for Robinson to get the money from Washington to a bank in New Roads, write a check, and consummate the loan, moving the whole thing into a new phase and, he hoped, out of the reach of the private companies. What followed was what Bonner called in the January issue of Rural Louisiana, "A series of 'cloak and dagger' type activities . . . "

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out his term in that office. The point to be made here is that the position of REA Administrator is political.

<sup>49</sup> Interview with Robinson, September 11, 1980; interview with Robinson, May 19, 1982.

to beat the utilities to the punch.<sup>50</sup>

On December 13, 1968, after Ellender's approval, Clapp announced that he would release the loan. The next day, the utilities again obtained an injunction from the Federal District Court in Shreveport to stop the release of the money. This was overruled by the Fifth Circuit Court, and the companies, along a route which they had traveled before, appealed to the Supreme Court.<sup>51</sup>

On December 24, Robinson (hoping to have the injunction lifted) made a telephone call to the Department of Justice. A rotating Justice remains on duty there all day, every day, to review emergency cases. It might not be true that this case qualified as an emergency, but, nevertheless, a Justice was available on Christmas Eve to hear the case. Joseph Swindler, the Chairman of the Federal Power Commission in the Johnson Administration, represented the LEC and REA. Since a similar case was brought before the Supreme Court in 1966 and dismissed, the final injunction against the release of the loan was quickly lifted.<sup>52</sup> Swindler went to REA where, despite the holiday, he was able to have a check

<sup>50</sup> Rural Louisiana, January, 1969, 3.

<sup>51</sup> Rural Louisiana, February, 1969, 2; Testimony of Charles Roemer before the U.S. Senate Appropriations Committee, Subcommittee on Agriculture and Related Agencies, April 17, 1969 (unpublished copy in Ellender Papers, Box 356-D), 2.

<sup>52</sup> Interview with Robinson, September 11, 1980; Roemer before U.S. Senate Appropriations Committee, 2.

made out for \$226,000 to LEC. The problem was that the check was in Washington and the bank was in New Roads. Robinson feared that the utilities would have another injunction brought against the loan before he could deposit the money in the bank in New Roads, and spend the money and thus consummate the contract. With no way to electronically transfer funds on Christmas Eve, Robinson's only alternative was to physically move the check from Washington to New Roads as quickly as possible. Robinson's son, who lived in Jackson, Mississippi, agreed to fly to Washington, meet Swindler at the airport there, pick up the check, and fly back to New Roads. By then it was Christmas morning. Robinson met his son at the Baton Rouge airport, took the check to New Roads, where Robinson used his influence to have the bank opened. He deposited the money and wrote a check to a contractor for a fence and a temporary road that had been built on the plant site.<sup>53</sup> The fight for the release of the loan was over. The loan was consummated; the contract was fulfilled.

It is difficult to characterize this four-year period from September 12, 1964 to December 24, 1968. The co-ops and their leaders stopped being purchasers of power, moving into the different world of producers, and even sellers, of power. But more than that, the four-year period produced

<sup>53</sup> Interview with Robinson, September 11, 1980; interview with Robinson, May 19, 1982.

a change in attitude from small-time thinkers and small-time politics to something quite different. Robinson, Bonner, and Roemer, particularly, had been forced out of their little spheres of influence into a larger realm. Making a trip to Washington to testify before a powerful subcommittee, stand before the United States Supreme Court, speak poignantly to a powerful Senator or even the Vice President would not be something to shy away from in the future. Some of today's critics of the generation system have said that it was at this point that the LEC leaders moved out of their realm and got too big for their britches. One state Senator has commented: "Farmers can't run a multi-million dollar business."<sup>54</sup> That comment may or may not be true, but it is certain that this four-year period was a watershed in the life of Louisiana's Cooperatives. As of December 24, 1968, they were a big operation, with big money and big headaches. They had overcome a major obstacle, but the road ahead would not be smooth.

<sup>54</sup> Interview with Foster Campbell, Baton Rouge, June 27, 1983.

## CHAPTER 9

### COMPROMISE AND THE RETURN OF DAVID HAMIL

By the mid-Sixties, co-ops all over the nation were beginning to move into their own G&T systems and out from under the private utilities. It was no secret that the federal government would not be able to appropriate the money needed to handle such expansion. At the same time, opposition was growing in Congress to the lending of two percent money from the federal treasury to fuel this growth. One-time rural leaders such as Ellender had begun to see G&T development as "empire building," and more than one group had, since the Eisenhower years, suggested that either interest rates to REA be raised to at least four percent, or that REA simply be pushed out of the government realm altogether and be forced to borrow in the private sector. As opposition to two percent money mounted, and as it became clear that future Republican administrations would be out to alter drastically, or even kill, REA's finance program, REA officials began to consider putting together some sort of alternative finance program. It was a good idea, and an even better one was to try to beat the Republicans to the punch. Yet for many of these same



reasons the whole idea had been proposed years earlier by David Hamil, the REA Administrator under Eisenhower.

In the summer of 1958, Ezra Taft Benson, Eisenhower's Secretary of Agriculture, drafted a bill to force REA to borrow in the private sector. As Bonner reported, it "would force the co-ops to go to hostile Wall Street financiers [who realize] that few co-ops have enough equity in their systems to obtain such credit. . . ." <sup>1</sup> But, according to Bonner, Hamil went out on a limb, against administration policy, to block this bill, knowing that it would retard the future of REA. As a second option Hamil suggested alternative financing, whereby REA would set up its own banking system, something akin to the successful Farm Credit system. But to most REA leaders this was just another Republican scheme to deny them something they considered a right--two percent money. Hamil traveled the nation meeting with top local co-op leaders, trying to drum up support for his plan, but he was, for the most part, received as an administration whipping boy sent by the evil Benson. Bonner wrote that Hamil had "been coldly received by rural electric leaders who think they see a power company motivated scheme. . . ." <sup>2</sup>

But Bonner liked the idea. Like Hamil, he was enough

<sup>1</sup> Rural Louisiana, December, 1958, 4.

<sup>2</sup> Ibid., 4.

of a seer to realize that two-percent money would not hold out forever, particularly under future Republican administrations, and that REA had better come up with a program before someone else did. And Hamil's idea was the best he had heard--it was certainly superior to anything Benson had in mind.<sup>3</sup> Bonner's notion was well-founded, but, as it turned out, he was about the only rural electric leader anywhere who supported the idea. The result was banishment. Hamil: "I told them that they needed something besides annual appropriations from Congress. They took exception to me immediately. One person who didn't was Mark Bonner. And they gave him hell."<sup>4</sup> Bonner supported Hamil in an editorial in Rural Louisiana in which he stated simply that Hamil's ideas made sense.<sup>5</sup> At a rural editor's meeting in Estes Park, Colorado, Bonner gave further support to Hamil.<sup>6</sup> Also, simply by refusing to malign Hamil and his program in his editorials, Bonner gave a sort of silent support that was as important as anything else. To Bonner, the controversy was tinged with a slight degree of regret.

<sup>3</sup> Telephone interview with Mark Bonner, August 29, 1983.

<sup>4</sup> Interview with David Hamil, Sterling, Colorado, May 31, 1983. The only other national leader to agree with Hamil was J. K. Smith, President of the Kentucky statewide organization. Ibid.

<sup>5</sup> Rural Louisiana, December, 1958, 4.

<sup>6</sup> Telephone interview with David Hamil, August 29, 1983.

He recalls that Hamil "came up with this concept of a co-op-owned bank. . . . Well, even [to] the head of NRECA and most of our people, that two-percent money was a kind of religion . . . and a right in their minds. I didn't have any better sense, being a kind of newcomer in the field . . . I wrote a big editorial convincing them to make this a future study and idea, and old Clyde Ellis [President of NRECA] didn't speak to me for two years after that . . . he felt so strongly about it." But Bonner's problems were not only with the national people. "And even here in this state, only Lil Killingsworth . . . agreed with me. Everyone else said it was one time I should have kept my damn mouth shut."<sup>7</sup> Gene Taylor, manager at Concordia Electric, would not support him, "and Gene has always been on my side." Ironically, only a few years later Taylor was on the committee that devised a cooperative banking system that was very similar to Hamil's 1958 proposal.<sup>8</sup>

By the time other REA and local co-op leaders saw the need for something like Hamil's proposal, he was out of office with the 1960 Democratic victory; the push to make the cooperative bank a success came between Hamil's terms as administrator. Norman Clapp, Hamil's successor, did

<sup>7</sup> Telephone interview with Mark Bonner, August 29, 1983.

<sup>8</sup> Interview with E. E. Taylor, Ferriday, Louisiana, December 14, 1981.

not, for some reason, choose to carry the ball. The force behind the cooperative bank was Clyde Ellis and NRECA.

By 1963, NRECA began looking at Hamil's ideas. They contracted a financial consulting firm to explore the possibility of a system similar to the Farm Credit system, whereby the federal government would lend the bank its beginning capital, all of which would be paid back. The consulting firm reported in July, 1965, that such a system would work, although interest rates would be higher.<sup>9</sup>

NRECA and REA combined their efforts to send a bill to Congress the next year. The Johnson Administration, apparently convinced it had a better idea, drew up a similar bill. The administration's bill would have capitalized the rural electric bank for \$750 million with an interest rate of four percent. The REA bill would set initial capitalization at one billion dollars with an interest of three percent.<sup>10</sup> Neither bill was well sponsored or supported; consequently both died in committee.

The next year, the bill was reintroduced, this time with proper sponsorship. In fact, the bill was connected with some of the Senate's most prominent Democrats: Church,

<sup>9</sup> National Rural Electric Cooperative Association, People--Their Power, The Rural Electric Fact Book (n.p., 1980), 75.

<sup>10</sup> For a synopsis of the bill, see, Congressional Record, 89 Cong., 2 sess., Vol. 122, pt. 22, 1185 (Index); ibid., pt. 8, 9785. See also, Rural Louisiana, May, 1966, 2.

Bayh, Mondale, Cooper, Hart, Hartke, McCarthy, Montoya, Muskie, and Symington were just a few of the bill's sponsors. But, as NRECA later reported, the bill was amended "to the extent that it became totally unacceptable to the rural electric systems." NRECA asked that the bill be killed.<sup>11</sup>

The next step was to set up a committee to look again at the whole matter. In early 1967, the "Parity of Rates" committee was organized; the name was later changed to the "Long Range Study Committee." This is important to Louisiana because Gene Taylor served on this committee.<sup>12</sup> In March, 1969, after twenty-two meetings with co-op people around the country, this group was ready to report its findings to the REA administrator--who now was David Hamil.<sup>13</sup> For by that time, Nixon was in the White House, and Hamil was back in the saddle at REA.

What the committee reported to Hamil in March, 1969, was not exactly what he wanted to hear. The group had decided that his original ideas could be bettered by a plan that would completely circumvent Congress. Their co-op bank would be totally free of federal funding from the

<sup>11</sup> For a synopsis of the 1967 bill, see, Congressional Record, 90 Cong., 1 sess., Vol. 113, pt. 28, 1556 (Index); ibid., 1624. See also, NRECA, People--Their Power, 75.

<sup>12</sup> Interview with Taylor.

<sup>13</sup> Interview with Hamil, May 31, 1983.

beginning, financed directly through the resources of the nation's co-ops. Hamil remembers his response to the committee's report: "This isn't the plan I wanted, but if this is what you want, I'll do all I can to make it work. I'll use every ounce of influence I have. . . ." "And I did," he recalls, "and we made it work."<sup>14</sup>

The system is complicated, but generally it is a revolving-fund-type plan in which each of the co-ops pay a certain amount to capitalize the bank. Then, as members, they are able to borrow from the bank using their equity as collateral. Congress continued to appropriate some two-percent money for those areas where a sparse population made service impossible without some sort of government assistance. The obvious drawback to the program was that it was several years after capitalization before the system was on its feet and workable. Besides, not all co-ops joined.<sup>15</sup>

The official name of the bank became National Rural Utilities Cooperative Finance Corporation, better known as CFC. It was officially incorporated April, 1969, with J. K. Smith, the President of the Kentucky statewide and leader of the Long Range Study Committee, at its head.<sup>16</sup>

<sup>14</sup> Ibid.

<sup>15</sup> Rural Louisiana, April, 1970, 2.

<sup>16</sup> NRECA, People--Their Power, 80.

The CFC opened new doors for rural electric cooperatives all over the country, but it had a special significance in Louisiana beyond the contributions of Taylor and Bonner. CFC, just like the G&T movement in the state, was part of a larger mentality among Louisiana's co-op leaders to achieve independence; more exactly, it was a movement to become self-sustaining. After years of being characterized as recipients of the federal government's chief giveaway program, Louisiana co-op leaders (and very probably co-op leaders in other parts of the country) were as delighted to be out from under the thumb of the federal government as out from under the thumb of the utilities. This move for independence is apparent in other ways. Throughout the early Sixties, Bonner published numerous articles on the theme of "we are not the REA." He pounded and pounded the point that REA was merely a lending agency, a government-backed bank, and that the co-ops were simply private borrowers--privately owned companies.<sup>17</sup> "Like millions of FHA and VA homeowners," he wrote, "REA borrowers must replay their loan[s] on strict schedules, plus interest."<sup>18</sup>

<sup>17</sup> For a few of dozens of examples, see, Rural Louisiana, December, 1968, 2; ibid., July, 1960, 2; ibid., March, 1960, 2; ibid., November, 1961, 2; ibid., July, 1961, 2; ibid., November, 1962, 2; ibid., September, 1962, 2; ibid., July, 1962, 2; ibid., January, 1963, 2; ibid., May, 1961, 2; ibid., April, 1961, 2; ibid., February, 1961, 2; ibid., June, 1966, 2; ibid., July, 1966, 2; ibid., December, 1965, 2; ibid., August, 1965, 2.

<sup>18</sup> Ibid., April, 1961, 2.

"Ours never was a giveaway program. REA is a prudent banker. It does not own a foot of line in Louisiana or elsewhere."<sup>19</sup> In 1959, in a small but significant showing of independence, Bonner suggested strongly that Louisiana co-ops remove their REA signs from their buildings and stop answering the telephone, "REA."<sup>20</sup> In 1961, he wrote, "Some cooperatives . . . answer their phone with a cheery, REA. Others are so proud of their independence [that] they wouldn't be caught dead with anything marked REA."<sup>21</sup> To the conservative Bonner, it was important that Louisiana's co-ops be independent private enterprises--not extensions of a government agency, and not regulated by any group. This need was also reflected in the various Public Service Commission fights over the years. PSC regulation was anathema to the co-op leaders. Freedom and independence from all regulation was the conventional wisdom of LEC and ALEC officials in the Sixties and Seventies, and Bonner was the main leader and spokesman of that wisdom.

It is significant to note that SLEMCO, the only co-op not to join LEC and thereby support LEC's independence in that way, did not join CFC. If CFC and LEC were cries for independence from the rest of the group, then SLEMCO and Gajan, in their stalwart insistence in not joining, showed,

<sup>19</sup> Ibid., May, 1961, 2.

<sup>20</sup> Ibid., February, 1961, 2.

<sup>21</sup> Ibid., 2.



if not dependence, an inability to look to the future, and to the inevitability and need for coming growth.

When Hamil again took the reins of power in 1969, there were two looming problems left over from Clapp's administration, one in Indiana, the other in Louisiana. Both problems were virtually the same. Loans had been made to G&T groups in each state to build a generating plant and transmission lines from the plant to the various distribution cooperatives in the state. In Indiana, the transmission lines alone would cost some \$20 million.<sup>22</sup> In Louisiana, the bill would run close to \$30 million.<sup>23</sup> Hamil came to office with a plan for these two systems that would initially not be popular in either state. Why, he asked, should the federal government lend a total of \$50 million to Indiana and Louisiana to build transmission systems when transmission systems already existed?<sup>24</sup> Over the years, the private utilities in both states had, of course, built transmission lines from their plants to the distribution co-ops. It would be a simple matter to connect the new co-op plants to the transmission system of the private companies--to integrate the systems. As Hamil saw

<sup>22</sup> Interview with Hamil, May 31, 1983.

<sup>23</sup> Norman Clapp, "Information Relating to the 'A' Loan Application of Louisiana Electric Cooperative, Inc. of New Roads, Louisiana" (September 12, 1964, unpublished copy in ALEC files, Baton Rouge).

<sup>24</sup> Interview with Hamil, May 31, 1983.

it, the inability of the two groups (the co-op people and the private utility people) to see eye-to-eye on how things should be done was no reason for the federal government to pay out \$50 million in loans. "We weren't going to loan a hell of a lot of money to build a system when there was already a system there."<sup>25</sup> So he set out on an odyssey to force the lion to lie down with the lamb, as Bonner refers to it.<sup>26</sup> Or, as Robinson says, it was "time for us to get into bed together."<sup>27</sup> "When I wasn't in Indianapolis, I was in New Orleans or Baton Rouge," Hamil remembers. "I spent my whole first year arbitrating these damn things."<sup>28</sup>

So Hamil forced the warring groups to the peace table. But in reality, LEC was coming to the end of its rope and needed a few concessions from the companies to make its plan work. LEC had enjoyed some important victories, but the companies were simply too strong to fight toe-to-toe. Soon, LEC would need approval from the state legislature to borrow from CFC, and in the past, the companies' legislative influence had skyrocketed the cost of construction of the plant to the point that the \$56 million would barely

<sup>25</sup> Ibid.

<sup>26</sup> Interview with Mark Bonner, Baton Rouge, August 20, 1980.

<sup>27</sup> Interview with A. A. Robinson, Baton Rouge, May 19, 1982.

<sup>28</sup> Rural Louisiana, May, 1972, 2-A.

build it, let alone pay for additional transmission construction--even the down-seated standby scheme of transmission lines to Dow, Plaquemine, and Lafayette.<sup>28</sup> To add to their problems, it appeared that the companies were about to marshal their legal forces to halt construction.<sup>29</sup> By the time the legalities were all ironed out, by the time the companies had explored all their legal options, inflation and legal fees could bring LEC to its knees. All this is not to say that LEC surrendered--On the contrary, it won the right to generate. And to Bonner, that was "a foot in the door."<sup>30</sup>

Hamil came to REA in February, 1969. The compromise to connect the systems was underway by June. Hamil brought with him to the negotiations his right-hand-man, Reggie Cole. Cole was Hamil's engineering consultant and counselor, and when he returned to Washington, Cole stayed to carry on the negotiations. Cole was known for his expertise but not for his diplomacy. His occasional astringent attitude, though, was a consequence of direct orders from Hamil.<sup>31</sup> At one point in the negotiations in 1972, Cole's strong language was entered into LEC's minutes: "Like it or not,"

<sup>28</sup> Rural Louisiana, May, 1972, 2-A.

<sup>29</sup> Louisiana Electric Cooperative, "Minutes," June 17, 1969, ALEC files, Baton Rouge.

<sup>30</sup> Interview with Mark Bonner, August 19, 1980.

<sup>31</sup> Interview with Hamil, May 31, 1983.

he stated, "LEC is going to have to join with Louisiana utility companies in certain areas. LEC will have to work with all other power suppliers." You must "pull together, support decisions, and quit 'snipping' at personalities and policies."<sup>32</sup>

Sometime in early June, Hamil met with the leaders of all the groups involved. The dates of these meetings are not clear, but on June 17, LEC reported it had been served with an injunction to halt construction.<sup>33</sup> Eleven days later, Hamil agreed to approach Floyd Lewis, President of LP&L and Hamil's personal friend, "and advise him that LEC is not interested in compromising until the private utilities stop filing suit against them. . . ."<sup>34</sup> So, with that, or at least by that date, the compromise had begun. On June 23, the companies were apparently ready to agree to a compromise, but, in a letter to Hamil, Lewis was not willing to have the Dow Pool as any part of it.<sup>35</sup> This became a sticking point in the compromise, mainly because Robinson felt a moral obligation to Dow, Plaquemine, and Lafayette, and did not want to leave them

<sup>32</sup> LEC, "Minutes," October 24, 1972.

<sup>33</sup> Rural Louisiana, May, 1972, 2-A.

<sup>34</sup> John Schwab to A. A. Robinson, July 28, 1969 (ALEC files, Baton Rouge). Hamil made this remark to Schwab, an LEC attorney, who informed Robinson of the conversation in this correspondence.

<sup>35</sup> Floyd Lewis to David Hamil, June 23, 1969 (copy in ALEC files, Baton Rouge).

high and dry without any standby arrangement.

The compromise, as it was finally laid out and agreed upon, came out of several closed meetings from June, 1969, to May, 1970. The two groups agreed that LEC would build the plant and produce the electricity. But the companies would buy the output of the plant and then wheel the power over their lines to co-op distribution points around the state for a fixed rate. In other words, the LEC plant would simply add to the overall pool of power within the private utilities' systems, and then the co-ops would buy back at a fixed rate the power they needed for their systems. It was a good deal for LEC; they avoided the cost of transmission facilities, while receiving the right to generate. That the power traversed private lines was really of no consequence. LEC profited from the sale of the electricity they produced, which kept down the cost of purchasing it at the other end. Furthermore, there was no need for standby power with this arrangement; the companies were more than capable of supplying that, too. At the same time, the consumers would receive electricity at a lower rate than if LEC had tried to build its own transmission system.<sup>36</sup>

The integrated system was the foundation of the compromise, but there were other factors involved. In June, 1970, LEC agreed to join the private companies in

<sup>36</sup> Rural Louisiana, June, 1970, 2.

co-sponsoring a bill before the Louisiana Legislature to place the co-ops under the complete regulation of the PSC.<sup>37</sup> This was a weighty concession from LEC, but in exchange they received two concessions that were just as important to them. First of all, the companies agreed not to block a bill that would establish territorial integrity in the state, something that LEC had been fighting for unsuccessfully in the Louisiana Legislature since 1962. The new bill was the same as the old one; there would be no duplication of facilities within 300 feet of each other's lines.<sup>38</sup> The companies also agreed not to stand in the way of an ALEC bill to allow the state's co-ops to borrow money from lending institutions other than REA.<sup>39</sup> This opened the door for membership in CFC, but it also allowed LEC and its members to take advantage of a new loan system that was set up by the Nixon Administration in 1973. All in all, these were important concessions.

But LEC still demanded that some accommodation be made to Dow, Plaquemine, and Lafayette. The LEC pooling arrangement with these three generating concerns had rubbed the companies the wrong way, and now they did not want to take up LEC's obligation as a condition of the compromise.

<sup>37</sup> House Bill #946. Legislative Calendar of the State of Louisiana, 33 regular session, 1970, 260.

<sup>38</sup> Ibid., 260.

<sup>39</sup> Ibid., 111-112.

But Robinson had arranged the agreements, and he did not want to turn his back simply because the arrangement was no longer convenient.<sup>40</sup> He insisted that the three members receive the same benefits they would have received had the pooling relationship with LEC been carried out. Finally, in May, 1972, Bonner reported that the companies had agreed to work out some sort of arrangement.<sup>41</sup> In October, GSU (the company that would be serving the group) agreed to offer interconnection agreements to Lafayette and Plaquemine but would not agree to extend the same proposal to Dow--GSU continued to consider Dow a purchaser rather than a generator of electricity. GSU did, though, agree to furnish standby power to Dow, which was apparently all Dow wanted because the agreement satisfied all concerned. LEC and Robinson had fulfilled their obligation.<sup>42</sup>

All of this, of course, had to be formalized in contracts. In May, 1970, LEC and the three companies had come to an agreement to provide wholesale power to all the twelve co-ops.<sup>43</sup> By September, Hamil was commending the LEC leaders for "their efforts toward resolving the long-standing

<sup>40</sup> Interview with Robinson, May 19, 1982.

<sup>41</sup> Rural Louisiana, May, 1972, 2-A.

<sup>42</sup> LEC, "Minutes," October 24, 1972.

<sup>43</sup> Louisiana Electric Cooperative, 1971 Annual Report (n.p., n.d.), unnumbered page.

differences with the power companies."<sup>44</sup> A year later, he summed it all up: "The progress toward working out an agreement between Louisiana Electric Cooperative, the G&T federation, and the investor-owned companies, was a major accomplishment. . . . It means an end to expensive litigation, involving the right to serve rural loads as well as the right to generate and transmit power through LEC, and legal recognition of your territorial rights, together with the right to generate power."<sup>45</sup>

But agreeing to agree was only the first (although a giant) step toward completion of the compromise. It was necessary to bring the companies to the table to sign the necessary contracts. Not until May, 1972, did GSU agree to the terms of the interconnection agreement.<sup>46</sup> They would deliver power to the four southwestern-most co-ops: Dixie, Pointe Coupee, Beauregard, and Jeff Davis. When LEC's plant capacity expanded in the mid-seventies, allowing it to fulfill the power needs of the other nine co-ops, then contracts were to be signed with CLECO and LP&L, but

<sup>44</sup> Rural Louisiana, September, 1976, 6.

<sup>45</sup> Ibid., September, 1971, 9. Hamil made this statement on August 26, 1971. Ibid., 9.

<sup>46</sup> The announcement that LP&L signed an interconnection agreement came at the LEC meeting (by now changed from LEC to Cajun Electric) on May 25, 1976. Cajun Electric, "Minutes," May 25, 1976. One month later, CLECO signed. Ibid., June 23, 1976. GSU signed the next year. Ibid., October 28, 1977.



until then, it was only necessary to "lie down with" GSU.

There were no winners or losers in this compromise. But LEC did earn the fundamental right to generate power, while at the same time the companies had to surrender their advantageous position as the sole wholesale power producers in the state. This right (as much a right as a precedent) would allow LEC to grow unhampered in the future--one plant, then two, then more, until they could generate all the electricity the state's co-ops needed.

The companies were charged with buying this power, but that power enhanced their pooling and generating capacity. In the case of LP&L and GSU, their pooling range covers large parts of the Southeast and West. Any power brought into that pool was an advantage. Furthermore, by maintaining the transmission systems the companies continued to possess a degree of control over LEC and the co-ops, something they had always seen as important. There might be another generating system operating in Louisiana, but there was not another complete system (generation and transmission) in competition, setting rates. The co-ops were still buying electricity from the companies, and therefore contracts would have to be signed for the price of that electricity, even though they were somewhat compromised by having to buy it in the first place at the front end of the deal. The companies still had the monopoly, in a limited sense. They were in control, they had the

leverage, they were still selling electricity to the co-ops, and, most of all, there was not an independent system running head-to-head against them.

Hamil was the key to the compromise. In fact, it is nearly impossible to underestimate his importance here. As a Republican, he had the clout with the private companies to bring them to the bargaining table. Clapp could not have done it. As a Democrat, Clapp was the enemy in the eyes of the Louisiana companies, he was out to destroy them, even take them over. At the same time, Hamil was a conservative, and, of course, REA Administrator. This put him on the side of both groups. Hamil's job of straddling these two antagonists was remarkable. Today, he counts both Mark Bonner and Floyd Lewis among his best friends, friends that he had made before his second term, before the negotiations and subsequent compromise began.<sup>47</sup> And there is no doubt that he brought his friendship to bear, together with his political influence, to see to it that Louisiana (and Indiana, incidentally) developed an integrated system whether they wanted it or not. The result in efficiency, to say nothing of money saved, was enormous.

From the compromise, LEC leaders discovered something that must have been distressing, at least to Bonner and Robinson. Independence, as sacred an ideal as it was, was

<sup>47</sup> Interview with Hamil, May 31, 1983.

very expensive, and, at least for now, unattainable. It was one thing to remove "REA" from the co-op buildings. It was quite another to build transmission lines to each co-op. Also, by coming under PSC jurisdiction (the ultimate regulatory agency in Bonner's eyes) LEC left behind all thoughts of independence, at least for the immediate future. It must have been disheartening. In order to receive the all important right to generate, LEC had to come under PSC regulation, as well as surrender its dream of being totally outside the realm of the private utilities, of being totally independent of a total monopoly.

## CHAPTER 10

### CAJAN II AND THE QUEST FOR COAL

Compared to the rough trip from conception to consummation, the road for LEC's leaders from ground breaking to completion was relatively smooth. After carrying out that Christmas Day loan deposit and check-writing scheme, Robinson did not waste any time in getting the system organized, people hired, and construction started. His first move was to hire a manager, someone with experience who could supervise the plant's entire construction and operation. The manager's role would be similar to the manager's position at the smaller distribution co-ops; he would be a paid professional who would head the operation with approval from the board of directors. Robinson did not go through any long-range search to fill the position. More through luck than anything else, he stumbled upon a highly qualified individual who, before he left LEC, became an extremely powerful and important figure in it. Robinson is not disposed to dalliance. He gets things done. And so was the case in his hiring of Merle Burgin.

Burgin had been the chief engineer at Basin Electric Co-op in Bismark, North Dakota, from 1963 to about 1967.

Basin is a generating co-op with the distinction of being the largest lignite-fired plant in the country. It also had the nation's lowest operating costs.<sup>1</sup> Burgin had left his position there after completing his job of getting their first plant into operation, and went on to work for a contracting firm. He found quickly that contracting was not his calling, and, after only a year or so, began looking for something else. He mentioned his interest in a new job to a friend at Basin Electric who told him about the situation in Louisiana--LEC had gotten its loan and would soon be needing top-level employees. His friend suggested that he call Bubba Robinson in New Roads. Finally, after some difficulty with the telephone operators in deciphering Robinson's nickname, Burgin reached Robinson at about 9:00 p.m. on January 10, 1969. After telling Robinson of his interest in the position, he received one of Robinson's characteristic responses: "Can you be here at one o'clock tomorrow?" Burgin tried to meet the demand, but the best he could do was 2:30. So, they met January 11, a Saturday. By Tuesday, Robinson had contacted REA in Washington, received a favorable report on Burgin, and hired him. He called Burgin to tell him the news: "Can

<sup>1</sup> National Rural Electric Cooperative Association, People--Their Power: The Rural Electric Fact Book (n.p., 1980), 60. Interview with Merle Burgin, New Roads, Louisiana, August 5, 1982.

you be here tomorrow?"<sup>2</sup>

Burgin could not make the Wednesday request, but he did come on the job January 20. Robinson had rented some space in the old King Theater in downtown New Roads.<sup>3</sup> The office was small, only about 900 square feet. They partitioned that small space into a reception area and three offices. By February first, they were in business.<sup>4</sup>

To those who today complain that LEC is a billion-dollar operation that should not be in the hands of a few farmers, Merle Burgin should be offered as an example of experience and qualification. He is not from Louisiana, and in the late 1960's, when LSU and other Louisiana colleges were just beginning to upgrade their engineering programs, it was probably necessary to bring in such outside talent. Burgin, a native of Kansas, received both bachelor's and master's degrees from Kansas State University, and then went on to a career as manager of generating facilities in Rockport, Missouri, and Bloomington, Illinois, before he took the position at Basin Electric in 1963.<sup>5</sup> Burgin's experience at Basin would have a profound impact on LEC throughout the Seventies. Whether or not he steered

<sup>2</sup> Interview with Burgin, August 5, 1982.

<sup>3</sup> Rural Louisiana, August, 1978, 8; Louisiana Electric Cooperative, 1971 Annual Report (n.p., n.d.), 5.

<sup>4</sup> Interview with Burgin, August 5, 1982.

<sup>5</sup> Ibid.

LEC in the right direction in those years is a matter for debate, but, without a doubt, he was qualified for the job when Robinson hired him in 1969.

Before construction of the plant could begin a fuel source was required, and the obvious fuel for LEC was natural gas. In the Sixties fuel was seemingly abundant--and cheap. But LEC was not large enough to attract good, low-priced, long-term contracts. Robinson had received some commitments from Texaco in 1968, but he was kept from signing a contract because he did not know how long the problems with the private utilities would last, and therefore did not know when LEC could take delivery on the fuel--an important part of any fuel contract. So, Robinson's hands were tied, at least until he could force solutions to his problems. Texaco certainly knew of Robinson's predicament--that once the legal barriers were removed, there would be a very short time before the loan was released. Robinson would have only that short time in which to negotiate a fuel contract. He would have to take what he could get. Texaco had made some tentative commitments that Robinson had relied upon, but just when the time came to sign the contracts, they backed out. Bonner still feels that the private companies had something to do with it. "They got to 'em, sure as the world."<sup>6</sup> From there, the

<sup>6</sup> Telephone interview with Mark Bonner, September 14, 1983.

situation fell into Bonner's hands. The only way to bring Texaco around was to use some political influence, he thought. So he went to his old friend and savior-of-the-day, John McKeithen. On a Saturday, McKeithen, and his administrative assistant Lewis Quinn, wrote a letter over the governor's signature to the president of Texaco, and then they tried to reach him by telephone. The call was successful. McKeithen's clout forced the Texaco president to agree to work out some sort of contract with Robinson and LEC.<sup>7</sup> Without this contract, the loan would certainly have been delayed, allowing the companies again to marshal their legal forces to stop the loan release; McKeithen had again saved the day.

The agreement that Robinson signed appeared at the time to be extremely bad for LEC. With gas prices running in the vicinity of seventeen to eighteen cents per million BTU's, LEC got stuck with an exorbitant twenty cents. It looked like a terrible deal. But three years later gas prices were sixty cents per million BTU's and Texaco was begging LEC to abrogate the contract.<sup>8</sup>

Having acquired fuel, a loan, and a manager, LEC held ground breaking ceremonies on the plant site in New Roads

<sup>7</sup> Ibid.

<sup>8</sup> Interview with Burgin, August 5, 1982; Carroll P. Trosclair, Big Cajun (n.p., n.d., photostatic copy of pamphlet in ALEC files, Baton Rouge), 9; See also, Rural Louisiana, July, 1974, 3.



on June 23, 1969.<sup>9</sup> The date is significant. The compromise between the companies and LEC was well underway, and by then it must have appeared that all would soon agree, that Hamil's influence would be successfully brought to bear on both sides of the fight. The ceremony itself was a modest affair. No big names attended, and Bonner did not even bother to report it in Rural Louisiana. This was partly because there were still some possibilities that the entire program would fall through, or be delayed even further. Nevertheless, on that date the ceremony occurred and construction officially began.<sup>10</sup>

From the beginning of construction in late June, 1969, until the plant was completed in May, 1972, things went so smoothly that the various problems are hardly worth mentioning. There was a labor dispute at the outset of construction, and contract negotiations concinued with GSU, but for the most part, construction proceeded well.<sup>11</sup> On September 22, 1970, LEC leaders made their first on-site inspection of the plant. Bonner hailed it as a milestone in the history of the program.<sup>12</sup> In April, 1971, Bonner

<sup>9</sup> LEC, 1971 Annual Report, 11.

<sup>10</sup> Telephone interview with Bonner, September 14, 1983.

<sup>11</sup> LEC, 1971 Annual Report, 5.

<sup>12</sup> Rural Louisiana, October, 1970, 1.

announced that the plant was fifty percent complete,<sup>13</sup> and two months later, he prematurely announced that the plant was nearing completion.<sup>14</sup>

The engineering firms that built the plant were Bovay Engineers of Houston, and Burns and McDonnell of Kansas City. Bovay had had a long relationship with LEC. When the co-ops were first thinking about a G&T in 1960, Bovay did the feasibility studies. Over the years, Bovay had done a considerable amount of work for LEC on a provisional basis, that is, for no compensation until a loan was granted. Bovay's history of a good working relationship endeared that company (and its founder and President, Harry E. Bovay, Jr.) to LEC, and to Robinson and Roemer in particular. Later, when Roemer became Edwin Edward's Commissioner of Administration, Bovay became the chief engineering firm of the Edwards Administration. But, in 1970, it was Bovay that ran the show at the LEC plant. The other firm, Burns and McDonnell, was a veteran in power-plant design, and was the principal designer of the plant. Art Hartung was in charge of the firm's operation at New Roads.<sup>15</sup> Bovay, and Burns and McDonnell worked together, dividing the engineering responsibilities of the plant--

<sup>13</sup> Ibid., April, 1971, 4.

<sup>14</sup> Ibid., July, 1971, 5.

<sup>15</sup> LEC, 1971 Annual Report, 9; Rural Louisiana, May, 1972, 10-A.

and the fee, \$1,237,000.<sup>16</sup> The boiler manufacturer was the Riley Stoker Company (now the Riley Company), of Skokie, Illinois. Riley also built the steam generators. The cost for both was in the vicinity of 5.5 million dollars. The total cost of the plant was \$32 million, and its output was about 230,000 kilowatts, only thirty to forty percent of LEC's needs at the time of completion.<sup>17</sup>

On May 31, 1972, the plant was declared commercial, and on a sunny June 10, a fair-like dedication ceremony was held under a big tent near the plant in New Roads. Three thousand people attended, and so did all the politicians who hoped to bask in the political limelight of the event. Edwin Edwards, having just been inaugurated two months before, was the center of attention. Hamil, and even Norm Clapp, attended. Possibly the biggest surprise was that Ellender showed up to tell the crowd that he was delighted that the plant would be capable of producing power at such a low cost, and that LEC had been able to come to some agreement with the companies over transmission facilities. Ellender, running for his seventh term in the Senate, certainly would not miss such an opportunity to claim all the credit he could for the new facility. He was, though, in the last few days of his life. He died of

<sup>16</sup> Ibid., 13.

<sup>17</sup> Ibid., 13.

a heart attack on July 27 at his office in Washington.<sup>18</sup> The man to succeed him in the Senate, J. Bennett Johnston, also attended the dedication, as did other lesser-known figures, such as Congressman John Rarick, Congressional Candidate Gillis Long, and Commissioner of Agriculture Dave Pearce. As Louisiana political events go, this was a major affair.<sup>19</sup>

The ceremony was covered by a local Baton Rouge television station, which interviewed all the dignitaries and most of the LEC officials. The Baton Rouge Morning Advocate also did a story that made the top of the front page, that included a photograph of Hamil, Edwards, and Ellender.<sup>20</sup>

The incident at the ceremony that deserves the least attention (but the incident that the Morning Advocate dwelled upon the most) was an ironic one: during Robinson's all-important opening speech, there was a power failure. Robinson had to complete his speech with a battery-powered bull horn. The embarrassment must have been evident in some red faces. The facilities around the plant, strangely enough, were hooked into the GSU system rather than the power system of the new plant, causing Roemer to speculate

<sup>18</sup> New York Times, New York Times Obituary Index, 1969-1978 (New York Times Publishing Company, 1980), Vol. II, Sec. II, 33.

<sup>19</sup> Rural Louisiana, June, 1972, 9.

<sup>20</sup> Baton Rouge Morning Advocate, June 11, 1972, 1, 6.

(although somewhat jokingly) that GSU was to blame.<sup>21</sup> But such an incident, with its all-too-coincidental feature, must have raised some discerning eyebrows. Was GSU sending a signal that they were still there, still in control as transmitter of the power? Or was it some kind of symbol? A romantic might see it as the end of an era of antagonism, and, with the return of power thirty minutes later, the dawning of a new cooperative age. Whatever the cause, Edwards made the best of it. Just as it was time for him to speak, the power returned. And, to nobody's surprise Edwards took the credit. He went on from that glorious beginning to compare himself to the plant. "We both generate sparks."<sup>22</sup> Possibly one irony deserves another.

After all had said their piece, everyone ate jambalaya and barbecue beef and went home. The plant, though, continued to run at nearly full capacity for the next three to four years, generating nearly forty percent of the power needed by the LEC system.<sup>23</sup>

Just prior to the dedication ceremonies (sometime in early May) the LEC board decided that the plant needed a name. Bonner came up with the name Cajun, intending to dedicate it to Edwin Edwards, the one person who Bonner

<sup>21</sup> Ibid., 1, 6.

<sup>22</sup> Ibid., 1.

<sup>23</sup> Rural Louisiana, June, 1972, 9.

felt did more than any other Louisiana political figure to aid the program.<sup>24</sup> It might also have been in Bonner's mind that this newly elected governor would probably have eight more years in office to assist LEC in future endeavors, endeavors that would soon dwarf that little 230 megawatt plant. Edwards, of course, would want more than a simple namesake in exchange for his support, but such a gesture might endear him to LEC. Bonner then decided that alone, the name Cajun lacked flair, and suggested that the name be Big Cajun.<sup>25</sup> To many supporters, Edwards had often been referred to as the Big Cajun, (just as McKeithen had been referred to as Big John) in obvious reference to Edwards' standing among his fellow Acadians. At the dedication ceremony, Edwards stated his approval of the name: "How could I turn down an invitation to speak at the dedication of a plant called Big Cajun No. 1?"<sup>26</sup>

Hamil approved of the name Big Cajun, and at the ceremonies he called it "colorful and distinctive." But he went on to suggest that the LEC board might consider changing its name from LEC to Big Cajun, Inc.<sup>27</sup> Hamil felt

<sup>24</sup> Telephone interview with Mark Bonner, September 2, 1983; Rural Louisiana, May, 1972, 1-A. This is the first reference to Big Cajun in Rural Louisiana.

<sup>25</sup> Telephone interview with Mark Bonner, September 2, 1983.

<sup>26</sup> Rural Louisiana, June, 1972, 9.

<sup>27</sup> Ibid., 9.

that the name Louisiana Electric Cooperative was too easily confused with the public relations group, the Association of Louisiana Electric Cooperatives, particularly since both groups were made up of many of the same people. Also, the acronyms, ALEC and LEC made the whole thing even more confusing.<sup>28</sup> Bonner agreed. If it did nothing else, a new name would straighten out the post office; each group too often received the other's mail. So, it was done. In November, 1972, Bonner announced in Rural Louisiana that Louisiana Electric Cooperative would be renamed Cajun Electric Power Cooperative, Inc. (not the Big Cajun that Hamil had suggested), and the always present acronym was adopted: CEPCO.<sup>29</sup> But in this case, CEPCO did not stick, except for use on occasional letterheads, correspondences, and publications, while the name Cajun Electric did. So, there is still some confusion between Cajun the plant (usually referred to as Big Cajun), and Cajun the organization (usually Cajun Electric). ALEC, of course, kept its old name and purpose, and, in the spirit of growth and development, built a new building in Baton Rouge in September.<sup>30</sup>

<sup>28</sup> Interview with David Hamil, Sterling, Colorado, May 31, 1983.

<sup>29</sup> Rural Louisiana, November, 1972, 6. The board of directors officially adopted the name in December. Cajun, "Minutes," January 30, 1973, ALEC files, Baton Rouge.

<sup>30</sup> Rural Louisiana, September, 1972, 5.

Also in September, SLEMCO came back into the fold, or at least partially so, by rejoining ALEC.<sup>31</sup> Among all the reasons for this occurrence, probably the most important was the intervention of the ubiquitous David Hamil, always ready to force a compromise between warring factions by applying pressure at just the right point. As in the compromise between the companies and LEC in June, he used his club of friendship to pound out this agreement. Hamil had known Gajan from his first stint in office. After all, SLEMCO was the largest co-op in the nation at that time, and Gajan was probably the most influential co-op leader in the state. The two had met both socially and professionally on several occasions. Relating to the reunion, Hamil states that he did not cause it, but that he did encourage it.<sup>32</sup>

Another factor in all this is that the ten-year contract that SLEMCO signed in 1962 had just come to an end.<sup>33</sup> The new ten-year contract that they had to sign with GSU was less generous than the earlier one.<sup>34</sup> So, a move to

<sup>31</sup> Ibid., 4.

<sup>32</sup> Interview with Hamil, May 31, 1983; Interview with U. J. Gajan, Lafayette, Louisiana, November 16, 1981.

<sup>33</sup> U. J. Gajan to Allen Ellender, January 29, 1963, copy in ALEC files, Baton Rouge. This letter discusses the 1962-ten year contract.

<sup>34</sup> Interview with Earl Broussard, Baton Rouge, March 4, 1983. Broussard is public relations director for GSU.



Cajun for cheaper electricity was characteristic of Gajun. SLEMCO had had several studies done and even considered buying a part of a CLECO plant under construction, but, "we looked at [the alternatives] very closely," Gajun recalls, "and based upon the study that we made, right or wrong, it showed that we'd be better off with Cajun. Cajun wanted us to join, so we agreed. . . ." <sup>35</sup> This was late in 1975, and his decision must also have been influenced by the fuel situation that had changed drastically with the Arab boycott of 1973. By then, few were questioning how much electricity would cost, only that there would be enough for the future. In the Cajun minutes of September 23, 1975, it was entered that Gajan had inquired about joining. <sup>36</sup> It was not until April 26, 1977, that he was accepted as a member of the Cajun board, and the great schism was patched up. Even Robinson agreed, having his agreement placed in the record seconding the motion for a unanimous vote. <sup>37</sup> The only lagging problem was SLEMCO's 1972 ten-year contract with GSU. But finally with some of his characteristic muscle-flexing, Hamil was able to bring GSU and Cajun to an agreement on that. The GSU-SLEMCO

<sup>35</sup> Interview with Gajan, November 16, 1981; Cajun "Minutes," October 28, 1975.

<sup>36</sup> Cajun, "Minutes," September 23, 1975.

<sup>37</sup> Ibid., April 26, 1977.

contract was assigned to Cajun. It ran out in 1982.<sup>38</sup>

Merle Burgin's experience had given him an insight into the future. Well before the 1973 Arab oil embargo, well before the Federal Power Commission decided that gas was a fuel too pure to burn in boilers, and before gas was priced out of sight, Burgin was pushing for a switch from natural gas to coal. It must have been difficult to make Louisiana residents consider coal as a fuel source. Why should this state, sitting on one of the largest gas reserves in the world, ever consider shipping coal from the north to fuel its power plants? "I could see the handwriting on the wall," he states today, "there wasn't going to be any gas. I knew they couldn't continue to burn natural gas in power plants. It's wrong to take [as] fine a fuel as natural gas is and use it in a power plant that can burn coal, or something else not as exotic."<sup>39</sup> Of course, Burgin was from Kansas, and natural gas was more exotic to him than to his all-local board members at Cajun. But several things helped Burgin get his point across and bring around his skeptical Louisiana friends.

The coal that Burgin wanted to use was Great Plains lignite. The transportation costs, though, from Wyoming

<sup>38</sup> Ibid., July 25, 1977.

<sup>39</sup> Interview with Burgin, August 5, 1982.

or Montana to Louisiana were prohibitive before 1972. But, as Burgin had predicted, things changed drastically as the decade progressed. As gas prices increased in 1972, and then went through the roof during the 1973 oil embargo, the price of Great Plains lignite, plus shipping, dropped below those high gas prices. In 1973, the cost of natural gas to Cajun was about the same as the cost to buy and transport lignite from the Northern Plains.<sup>40</sup> As the Seventies progressed, not only did coal become increasingly cheaper than gas, but gas became impossible to get. "I called Texaco one time," Burgin recalls, "and I said, what would you say to me if I told you I wanted to buy firm gas for two 500 megawatt units? They said, we'd tell you to go find some other source of energy."<sup>41</sup> So gas was generally out of the question as a fuel for the future.

Moreover, in late 1973, the Federal Power Commission ruled that, because of the shortages created by the oil embargo, interstate gas (the only gas that the FPC has jurisdiction over) would be curtailed and sent north for priority use. Just as Burgin had predicted, "I knew they couldn't continue to burn natural gas in power plants."<sup>42</sup>

<sup>40</sup> Trosclair, Big Cajun, 9. Rural Louisiana, August, 1974, 3; ibid., February, 1972, 9.

<sup>41</sup> Interview with Burgin, August 5, 1982.

<sup>42</sup> Ibid.

But Texaco was able to deliver on its contract for the most part. Burgin recalls that several times they tried to purchase the contract, and even one time came up with the excuse that their wells had frozen. But because of some curtailment of Louisiana gas, Cajun was forced to buy standby fuel oil to keep the plant at 100 percent capacity, and that also drove up the price of generation, making coal even more attractive. Robinson stated in Cajun Electric's 1974 Annual Report that over a three-year period prices climbed from 2.5 mills per kilowatt hour with natural gas to nearly thirty mills with the use of fuel oil.<sup>43</sup> This was a bleak situation, and it appeared that the future held an even worse prospect.

In early 1972, the Southwestern Electric Power Company took the first big step in the South and purchased a large tract of coal-producing land in Wyoming.<sup>44</sup> SWEPCO is an investor-owned company located in Shreveport, serving northwest Louisiana and parts of Texas and Arkansas. Because of its early entrance into the field of coal generation, SWEPCO gained an advantage over all other power companies in

<sup>43</sup> Cajun Electric Power Cooperative, Inc., 1974 Annual Report (n.p., n.d.). 2.

<sup>44</sup> Telephone interview with W. G. Brandon, March 4, 1983. Brandon is the Vice-President at Southwestern Electric Power Company in Shreveport. SWEPCO's purchase of Wyoming coal was first announced at a Cajun board meeting on October 24, 1972. Cajun, "Minutes," October 24, 1972.

Louisiana, and today serves its customers with the lowest rates in the state.<sup>45</sup> Burgin and Cajun were only a short step behind.

The coal itself has some properties worth discussing. It is lignite, a soft coal, but, in this case, with a very low sulphur content. This makes it more desirable than Kentucky, Illinois, or West Virginia bituminous coal. Lignite (at least this lignite) does not require expensive scrubbers to keep the plant from polluting the air. It had not been used before because of the tremendous expense of transporting it such long distance from the Northern Plains. But now, in 1973, it was feasible.<sup>46</sup> Basic Electric, the plant that Burgin supervised and helped build, was constructed directly on a lignite deposit, eliminating, of course, the problems and cost of transportation. Basin paid only thirteen to seventeen cents per million BTU's. It would cost Cajun, according to Bovay's studies, some sixty cents after transportation costs were added.<sup>47</sup> That translates to a cost per mined ton of about five dollars. Transportation costs would be an additional \$10.50.<sup>48</sup> Lignite is a poor quality coal, and it also has a high moisture level that would later produce severe problems.

<sup>45</sup> See Appendix XXI.

<sup>46</sup> Interview with Burgin, October 5, 1982; Trosclair, Big Cajun, 9.

<sup>47</sup> Trosclair, Big Cajun, 9.

<sup>48</sup> Cajun, "Minutes," September 24, 1974.

But, as Burgin has stated, "it can be burned in a power plant." But probably the most important factor was that there was plenty of it. "There's enough coal up there to take care of our needs for hundreds of years," Burgin stated in 1974.<sup>49</sup> So, western lignite seemed the thing.

But to install two five-hundred megawatt plants, no matter how good the idea was, would be expensive, costing something in the vicinity of six hundred million dollars. After the difficulty LEC had in obtaining fifty-four million dollars from REA, how could Cajun have such a large amount approved? Nixon managed to take care of that on the day of his innauguration when he declared that all REA loans "will be made as guaranteed and insured loans under the authority of . . . the Rural Development Act of 1972."<sup>50</sup> It was a real dumping of the whole REA program, but a "new REA Act," signed May 1, 1973, fell right into the hands of programs like Cajun's that needed large amounts of money to continue their plans. REA, today, refers to it as a broadening of the program because it allows REA borrowers to borrow increasing amounts of money. Most of the assistance would be in the form of loan guarantees. REA would simply guarantee the money needed,

<sup>49</sup> Trosclair, Big Cajun, 9.

<sup>50</sup> NRECA, People--Their Power, 33. This bill is published in its complete form here, 178-188, under the title "Rural Electrification Act of 1936 with Amendment as Approved through August 4, 1977" [U.S. Code, Title 7, Chapter 31].

and Cajun (and other co-op borrowers) would go into the private sector and borrow what they needed. The standard interest rate was set at five percent, with some two percent money available for sparsely settled areas.<sup>51</sup>

Many of the ideas for this new program came from Bonner. He suggested to NRECA the final format of the bill that was finally passed in January, just ten days after Nixon killed the original bill. Bonner could not simply stand by and allow nature to take its course. He knew that if REA, or NRECA, did not come up with a workable compromise, Nixon would. Bonner also made his usual pilgrimages to Washington to testify before various committees.<sup>52</sup> In 1974, NRECA recognized him for his efforts by presenting him with an award. Robert Bennett, from NRECA, delivered the award, stating that: "Mark Bonner is the man who lit the match to mobilize the rural electric leadership that eventually succeeded in convincing Congress to restore the direct loan program of the Rural Electrification Administration after it had been abolished by the White House."<sup>53</sup>

In addition to the guaranteed loans that would be provided by REA for borrowing in the private sector, Congress created the Federal Finance Bank on December 29, 1973. In

<sup>51</sup> Ibid., 33.

<sup>52</sup> Rural Louisiana, March, 1973, 2; ibid., April, 1972, 2; ibid., May, 1972, 1.

<sup>53</sup> Ibid., February, 1974, 5.

August of the next year, FFB agreed to lend money to REA borrowers with government guarantees. This further expanded Cajun's borrowing power.<sup>54</sup>

It seemed as though Cajun's luck had turned. There were no more powerful company lobbyists to stand in their way, no more all-powerful senior senators. Cajun had reached an agreement with the companies, and now borrowing was outside the interest of Congress since no hands would be dipping into the federal treasury. It also looked as though Cajun had gotten around the energy crisis and taken the first steps toward the fuel of the past--and the future --coal. Now all they had to do was bring all these variables together and make it all work, and of course, they had the man to do it: Burgin.

It is easy to guess when Burgin began thinking about coal as a fuel for Cajun. In his 1974 report, he wrote that coal had been considered three years earlier.<sup>55</sup> But probably he was thinking about it much earlier than that. Bonner first mentions coal in Rural Louisiana the month before the dedication of Cajun #1, when he wrote, "LEC is studying the possibility of using coal to generate its future plants. That's why Big Cajun #1 is located on the

<sup>54</sup> United States Department of Agriculture, Rural Electrification Administration, Rural Lines--USA; The Story of Cooperative Rural Electrification (Washington, D.C., USGPO, 1981), 26.

<sup>55</sup> CEPCO, 1974 Annual Report, 9.



Mississippi River where coal could be barged in cheaply."<sup>56</sup> If it is true that the plant was located in New Roads for that reason, then coal had been looked at as a possible fuel for the future as early as the late Sixties, even before the first loan was released. But most likely, Burgin brought the idea for a coal plant with him from Basin Electric in 1969.

Even before the first plant was dedicated in June, 1972, Bonner began preparing his reading public for the new project, even though it would be three years before it was announced. As early as August, 1971, eleven months before Big Cajun #1 would go on line, Bonner wrote that "Louisiana's consumption of electricity is tripling every 10 years, even faster in some areas of the state. This means that the co-ops in the state must immediately plan to add to the generating facilities of LEC or come up with some suitable alternative. . . . The G&T is just the beginning, not the end."<sup>57</sup> In May, 1972, one month before the plant was dedicated, Roemer was quoted in Rural Louisiana: "I urge that we expedite our economic and engineering studies leading to early additions to our 230,000 kilowatt plant in New Roads, or the building of others elsewhere."<sup>58</sup>

<sup>56</sup> Rural Louisiana, May, 1972, 4-A.

<sup>57</sup> Ibid., August, 1971, 2.

<sup>58</sup> Ibid., May, 1972, 5-A.

What Burgin, Robinson, and the Cajun board had in mind was to build two 550 megawatt plants at the New Roads site under the name Big Cajun #2. The first of the two units was to go on line sometime in 1979, and the second in 1982. On September 22, 1973, the board completed the loan application to REA for the expansion. At the same meeting a feasibility study from Bovay for the coal-fired units was accepted, and Burgin announced that he had contacted some coal companies in the West and that prospects looked promising.<sup>59</sup>

Burgin's first contact was with Peabody Coal Company of St. Louis, in early 1974. Peabody gave Burgin a commitment that was satisfactory, but they unexpectedly backed out of the deal.<sup>60</sup> Sun Oil seemed willing to deal with Burgin, and in September, 1974, he told the board that they looked the most promising.<sup>61</sup> But Sun decided, as Burgin recalls, to tie the cost of their coal to the price of Middle Eastern oil. It was Burgin's response that the cost of coal should have some relationship to the cost of producing it. "That was quite a session," he remembers.<sup>62</sup> He went on to contact Kerr-McGee, Carter Coal Company (an

<sup>59</sup> Cajun, "Minutes," September 22, 1973.

<sup>60</sup> Interview with Burgin, October 5, 1982.

<sup>61</sup> Cajun, "Minutes," September 24, 1974.

<sup>62</sup> Interview with Burgin, October 5, 1982.

Exxon subsidiary), Arch Minerals, Decker Coal, and several others. It quickly became apparent to Burgin that Cajun Electric, despite its needs and plans, was just not big enough to deal with these giants of the coal industry. The obvious thing to do, and something Louisiana co-ops had had experience doing, was to join together with other groups in similar situations, form a co-op (in this case a super co-op, as this type of organization is called) that was big enough to get the job done--in this case, buy coal. To Burgin, it was necessary to have a negotiating position, "a big enough demand so that we can go to a [coal] company and say, we want you to build a mine and dedicate it to us --all the output of that mine."<sup>63</sup> The hope was that this would cost the company less, and then cost Cajun less. So, the strategy was to join with other generating groups like Cajun to create a consortium large enough, and with a demand big enough, to buy large amounts of western coal.

Burgin first contacted the manager at Basin Electric who was having a similar problem, and the two men discussed the idea on the telephone. In the spring of 1974, Burgin met with a representative from Basin, Ken Hollum, in a hotel in San Francisco, and there they decided to set up what became Western Fuels. They called the manager at Tri-State G&T in Denver, Lynn Garwood, and eventually that

<sup>63</sup> Ibid.

group joined. Between the three, they needed something between twelve and twenty million tons of coal per year, enough to make the big companies listen.<sup>64</sup>

While all of this was going on, Robinson had his own answer to the problem of bringing the coal companies to the negotiating table. But Robinson differs from Burgin in outlook: his answer was political. He went to Edwards, probably the only man in Louisiana with enough influence over the oil companies in the state (the oil companies, of course, own the coal companies) to make them listen. Edwards was accommodating. "I told them to form the letters in the language and terminology that they thought would best serve their purposes, and I would send them out with my signature, which I did."<sup>65</sup> According to Robinson these letters were responsible for the contracts that Cajun eventually signed.<sup>66</sup> Edwards, though, is not so sure. To him, the reason Cajun was not able to sign a contract was not that their market for coal was too small, but that, in the midst of the energy crisis of 1973, the demand nationwide was too great. "I don't think that these companies out west paid any attention to [the letters]. I

<sup>64</sup> Ibid. Cajun needed about four million tons of coal per year. Cajun, "Minutes," September 24, 1974.

<sup>65</sup> Interview with Edwin Edwards, Baton Rouge, June 3, 1982.

<sup>66</sup> Interview with A. A. Robinson, New Roads, Louisiana, September 11, 1980.

don't think they were concerned at all whether they effected a deal with Louisiana unless it was to their long and short range interests. People were beating their doors down trying to buy what coal they had since it was low sulphur coal, and they did not feel they had to bend over backwards to work with anybody."<sup>67</sup> But at that time, in mid-1973, Cajun needed a coal contract to move forward, and no one knew how long the energy situation would last. In fact, to most the 1973 price hikes and shortages were just the beginning. Fuel costs at that time might have been as low as they would ever be again. The strategy was: take what you can before it is all gone.

Burgin returned from San Francisco with what he thought at the time was the solution to the coal problem, Western Fuels. On May 28, 1974, he presented the idea to the board, but they did not like it and voted it down. The opposition was led by J. S. Robbins, the manager at Jeff Davis. He saw Western Fuels as "poorly organized," and he feared that Cajun would get locked into contracts that would be binding and cause problems for the future.<sup>68</sup> Western Fuels went on to organize without Cajun. But Robinson liked the idea of Western Fuels, and he had the power to build a majority coalition among the Cajun board

<sup>67</sup> Interview with Edwards, June 3, 1982.

<sup>68</sup> Cajun, "Minutes," May 28, 1974; ibid., September 24, 1974.

members to join. "I saw we needed to be in it," he recalls, "especially if we were going to add these other units." He agreed with Burgin that Cajun was too small to deal with the big coal companies. "Cajun may be a big little co-op, but when you butt heads with Mr. Exxon and Mr. Shell, they're big boys, but Western Fuels is a big boy, and Western Fuels can deal with Shell on their own level."<sup>69</sup> So, Robinson marshaled his influence to build a coalition that would agree to join Western Fuels. Finally, on September 24, 1974, the board voted to join. This decision was reached over the strenuous objections of Robbins, who made certain that his side of the argument was entered into the minutes.<sup>70</sup>

After the May, 1974, vote opposing Western Fuels, Burgin had set out alone to find a fuel source for the plant and had worked out a contract with Shell. After the September agreement to join, he turned the Shell contract over to Western Fuels. It looked as though Big Cajun #2 would have a coal supply.<sup>71</sup>

But simply having the coal was not enough; it had to be transported some 1,700 miles from Montana, where the Shell mine was located. Burgin and the board members looked at several possibilities. They could haul the coal

<sup>69</sup> Interview with Robinson, September 24, 1974.

<sup>70</sup> Cajun, "Minutes," September 24, 1974.

<sup>71</sup> Ibid., September 24, 1974.

by train to Minneapolis, transfer it to barges, and ship it down the Mississippi to New Roads, but Burgin feared that ice in the river might curtail winter deliveries. A second option was to have the coal shipped by train the entire distance from Montana, but that proved too costly. The third plan, and the one most viable, was to ship the coal by train to St. Louis, and then by barge to New Roads. The only problem was that a transfer point, or terminal, would have to be built at St. Louis. The terminal would have to be built by the barge company, and the cost of building it would be included in the cost of hauling the coal.<sup>72</sup>

The transportation deals were concluded much earlier than the coal supply problem was solved. While Burgin was contacting coal companies as early as late 1972, he was also talking to representatives of the Burlington-Northern Railroad, the only railroad to serve the Northern Plains and to connect as far south as St. Louis. By June, 1973, Burgin had signed a letter of intent, and a contract soon followed. The plan was that Cajun would provide the railway cars to carry the coal, a total of 770 cars, 110 for each of seven trains.<sup>73</sup>

The barge contract went nearly as smoothly, even

<sup>72</sup> Interview with Burgin, October 5, 1982; Cajun Electric Power Cooperative, Inc., 1976 Annual Report (n.p., n.d.), 12-13.

<sup>73</sup> Ibid., 13.

though railroad and barge companies have reputations for being mortal enemies who avoid working together whenever possible. The Burlington-Northern people, though, told Burgin that they had had some success working with American Barge Company (ABCL Western of St. Louis). Bids were submitted, American came in low, and a deal was struck. They agreed to deliver four million tons of coal per year to Cajun. The completion date for the terminal was set for October, 1978.<sup>74</sup> At the closing of the contract, Burgin recalls telling the American Barge officials how important it was that the coal be delivered on time.<sup>75</sup> He would later regret those words.

Meanwhile, Bonner was locked into another tooth and nail fight in the Louisiana Legislature. In the 1973 special session, a Senate bill was introduced that would have nullified all intrastate gas contracts and required renegotiation with the new price to be based on the price of gas as of July, 1973. The purpose of the bill was to aid Louisiana gas producers who were dying a slow death under long-term contracts at very low prices. Or, some might say, Louisiana's gas producers wanted to take full advantage of the shortages by raising prices to as many consumers as possible, even those who had signed long-term

<sup>74</sup> Interview with Burgin, October 5, 1982; Cajun Electric Power Cooperative, Inc., 1977 Annual Report (n.p., n.d.), 18.

<sup>75</sup> Interview with Burgin, October 5, 1982.



contracts. Nevertheless, the bill whizzed through the Senate with Edward's support and only four dissenting votes.<sup>76</sup> On Friday, November 30, Edwards apparently had reconsidered the measure, and walked down to the House Chamber floor to have the bill returned to the calendar so that he might consider a change of heart over the weekend, thereby keeping the bill from being passed by the House on that day. The next Monday, December 3, Bonner and a group of co-op leaders brought their influence to bear. They met with Edwards and pointed out that Louisiana's municipalities were specifically exempt from the bill, and that the investor-owned utilities received their gas primarily from interstate pipelines. So, only the co-ops would be hurt by the passage of the bill; specifically, they would lose that now lucrative gas contract with Texaco that Robinson had signed in 1968. Bonner and his group convinced Edwards that they were right, and he had the section dealing with the nullification of gas contracts deleted from the bill. Bonner reported in the December issue of Rural Louisiana that Edwards had said, "I'd rather be right than consistent."<sup>77</sup>

<sup>76</sup> Senate Bill #9. Official Journal of the Procedures of the Senate and House of Representatives, and the Legislative Calendar. Forty-second Extraordinary Session of the Legislature, 1973, 113-125. For a synopsis of the bill, see also the Legislative Calendar, included in this volume, 390-391.

<sup>77</sup> Rural Louisiana, December, 1973, 2.

Finally, when it looked as though there would be smooth sailing ahead, Bonner made the formal and official announcement of Cajun #2 on February 24, 1975.<sup>78</sup> With the Shell coal contract in hand, the rail and barge connections made, and the loan guarantee about to be released, what possibly could stand in the way? What stood in the way were Indians and environmentalists; neither group liked the idea of digging up the Northern Plains for the coal.

The Shell contract signed by Burgin in 1974 gave Cajun (through Western Fuels) everything it could possibly want. The quality of the coal was good, producing about 9,500 BTUs per pound. Also, Shell agreed to produce the four million tons of coal per year that Big Cajun #2 would need; and the price was right, at about five dollars per ton. Shell had even allowed escape clauses.<sup>79</sup> To many on the Cajun board, the whole project had been made feasible by this lucrative contract.<sup>80</sup>

But problems resulted when, in 1974, the Sierra Club filed suit in Federal District Court in Washington, D.C. against the Department of Interior to have the Northern Great Plains region declared a province. This would mean that the coal producers, principally Shell and Exxon, would

<sup>78</sup> Ibid., 1975, 1, 9.

<sup>79</sup> Cajun, "Minutes," September 24, 1974.

<sup>80</sup> Telephone interview with Mark Bonner, September 14, 1983.

have to supply environmental impact statements of that specific area, and that could delay the operation for as much as two years. But the court ruled on February 14, 1974, that the Department of Interior had, over the past ten years, made three impact statements that had included all or parts of that region, and another one was not necessary.<sup>81</sup> But the court also decided that until the case was finally resolved there should be an injunction against any mining in the region.<sup>82</sup> This, of course, suspended Shell's operations, and that concerned the Cajun board. Even though Cajun #2 was not to go on line until 1979, it was necessary to have a workable fuel contract in hand before REA would release the loan guarantee, and that was expected any time. The Sierra Club suit could well slow down the entire operation.

The Sierra Club appealed their case to the U.S. Court of Appeals in Washington on December 4, 1974, where the court agreed with their plea and reversed the decision of the U.S. District Court on June 16, 1975.<sup>83</sup> The Department of Interior, then, appealed that decision to the Supreme Court, and on April 28, 1976, the case of Kleppe v. Sierra

<sup>81</sup> Federal Supplement, Vol. 421 (West Publishing Company, St. Paul, Minn., 1977), 638-652.

<sup>82</sup> Federal Reporter, Second Series, Vol. 509 (West Publishing Company, St. Paul, Minn., 1975), 533.

<sup>83</sup> Ibid., Vol. 514 (West Publishing Company, St. Paul, Minn., 1975), 856-893.

Club was argued. On June 28, Justice Lewis Powell delivered the opinion of the court that there was no need (or that the law did not require) an environmental impact statement of that area. Justices Marshall and Brennan concurred, and each filed opinions on the case.<sup>84</sup>

Bonner dealt with the case by maligning the Sierra Club in Rural Louisiana. He called them a "noisy and apparently financially well-heeled handful of environmental industrialists, [and] anti-growth intellectuals." He went on to complain that they were "idealists."<sup>85</sup>

But Cajun's biggest problem with the Shell coal deal was with a more formidable foe than the Sierra Club. The land where the coal was to be mined was on the Crow Indian Reservation on the Montana-Wyoming border. The Crows had sold the mineral rights to Shell, but, according to Burgin, the Indians had gotten the worst of the deal. They apparently realized it and filed suit to abrogate the contract.<sup>86</sup> The case was thrown out of Federal District Court in Washington for lack of jurisdiction. It was later re-introduced into the Montana state judicial system, but the final disposition of the coal leases became the decision of Secretary of Interior Thomas S. Kleppe who served under

<sup>84</sup> Supreme Court Reporter, Vol. 96, October term (West Publishing Company, St. Paul, Minn., 1978), 772.

<sup>85</sup> Rural Louisiana, January, 1976, 3.

<sup>86</sup> Interview with Burgin.

Jimmy Carter. But he allowed the question to go unanswered. Cajun, of course, needed answers, and finally, in 1978, they agreed with Shell to give up the fight against inaction and abrogate the contract.<sup>87</sup>

On top of all this, the Montana Legislature, in the spring of 1975, passed a thirty-percent severance tax on all coal leaving their state. That would turn Cajun's good deal at \$5.00 per ton into a bad deal at \$6.50.<sup>88</sup> The cards seemed stacked against Cajun.

Between 1975 and 1976, the Cajun board members must have feared a return to the horrid days of the Sixties when they were up to their necks in litigation, when LEC was nothing more than a series of court cases. The Shell coal deal, as lucrative as it was, had no future. Opposition from the Sierra Club and the Crow Indians, and then the final straw, the Montana severance tax, was enough to send them looking for other sources of fuel--anywhere but Montana. Burgin, in the name of Western Fuels, again began negotiating for western coal. By late 1975, he had had some promising discussions with Kerr-McGee. Their holdings were in Wyoming, in the Powder River Basin near Gillette, and not affected

<sup>87</sup> Cajun, "Minutes," March 23, 1976; Telephone interview with Mark Bonner, September 14, 1983; Rural Louisiana, June, 1980, 3.

<sup>88</sup> Rural Louisiana, June, 1980, 3; Cajun, "Minutes," June, 1980, 3.

by the Sierra Club, the Crow Indians, or the nefarious state of Montana. At first, the Kerr-McGee deal was to be simply an alternative supply of fuel to satisfy REA, and to supply the plant until the Shell deal could make its way through the courts. But as things got worse, as it looked as though Shell would never be able to deliver, and then when Montana applied its severance tax, the Kerr-McGee deal began to look better and better. In July, 1976, Burgin announced the Kerr-McGee contract to the Cajun board.<sup>89</sup> It was the Kerr-McGee mine that would allow the release of the REA loan guarantee; and it was the Kerr-McGee mine that would finally supply Big Cajun #2 when it went on line in 1980.

The most important contract to be awarded for Cajun #2 was for construction of the boiler. In August, 1974, Burgin commented in the Cajun minutes that there had been little interest in the construction of the boiler for Cajun #1, but now, for Cajun #2, several companies were eager to submit bids.<sup>90</sup> There months earlier he had met with several boiler manufacturers, including the Riley Stoker Corporation. Riley Stoker's construction of the small gas-fired boiler for unit #1 had been more than satisfactory, but Burgin, as he recalls today, was apprehensive about

<sup>89</sup> Cajun, "Minutes," July 27, 1976.

<sup>90</sup> Ibid., August 27, 1974.

awarding them the bid for the coal-fired unit. He had hoped to take the bid of Babcock and Wilcox, the company that built the boilers at Basin Electric. They had spent two years in design testing, and even then, they had had some difficulty making the system work properly. There were few companies in the country that had experience working with lignite, and Riley Stoker was not one. But they had asked to submit a bid, and, according to Burgin, the board felt some loyalty to them for having done such a commendable job on the first unit that they were allowed to bid. Today, Burgin regrets the decision. "They should never have been on the bid list." But they were included, their bid came in low, and it was taken. Riley Stoker agreed to build the boiler for just under seventy-six million dollars.<sup>91</sup> By 1977, that cost was raised to over seventy-eight million.<sup>92</sup>

By early 1976, everything was in line. A coal contract was signed, the awkward transportation system was arranged, and the contracts were awarded. There had been some difficult negotiations with the three investor-owned companies to buy the power and then wheel it back to the thirteen co-ops, but only GSU had been hard to please, and even they

<sup>91</sup> Interview with Burgin, October 5, 1982; CEPCO, 1976 Annual Report, 24.

<sup>92</sup> Cajun Electric Power Cooperative, 1977 Annual Report (n.p., n.d.), 16.

had agreed to sign a contract as soon as some problems were smoothed over.<sup>93</sup> The loan guarantee had not yet been released from REA, but all the criteria had been met. It seemed only appropriate, then, that the Cajun board should celebrate their victory with ground breaking ceremonies.

Those ceremonies took place sometime in April, 1976. (Bonner did not include the date in his article in Rural Louisiana about the function.) Of those attending, there was the always present Edwin Edwards, who again stole the spotlight. The chairman of the Public Service Commission, Louis Lambert, also attended.<sup>94</sup> But it was not quite the gayla event that the dedication ceremonies for the first plant had been. No crowd of 3,000 was invited, and no one ate jambalaya and barbecue. Also, there was none of the optimistic peering into the future that had characterized the earlier ceremony. In his editorial for that April, Bonner expressed a they-said-it-couldn't-be-done attitude of gloating success. He seemed to be topping off the entire era that began in 1960 with a few words to those who had stood in the way of the progress, in the way of the dream. "To the calamity howlers, the preachers of doom,

<sup>93</sup> It was entered into the minutes: "On the strength of a letter from GSU to Cajun agreeing to further negotiations regarding the contract, REA has gone forward with the release of funds for Cajun Two." Cajun, "Minutes," April 26, 1977.

<sup>94</sup> Rural Louisiana, April, 1976, 7.



the fearful and 'no growth' advocates," he wrote, "I say, 'a plague upon your house!'"<sup>95</sup>

<sup>95</sup> Ibid., 3.

## CHAPTER 11

### PROBLEMS AND CRITICISMS

From the groundbreaking ceremonies to the completion of the first unit of Big Cajun #2, that is from April, 1976, to spring, 1980, construction proceeded almost as smoothly as had construction of the first plant. Of course, it took longer; two plants were being built simultaneously, and together they were five times larger than Cajun #1. The plan was to push hard for completion of one unit, and then complete the second about a year later.

After the groundbreaking ceremonies came the loan approval. On June 22, 1976, Hamil signed the loan guarantee for \$629 million. A previous loan of eleven million dollars had allowed some construction to begin before the June 22 approval.<sup>1</sup> Of course, Hamil's signature only provided a guarantee; the money had to come from other sources, but that posed no problem. The Federal Financing Bank agreed in the early months of 1977 to lend \$400 million of the \$629 million, or about sixty-three percent. This money

<sup>1</sup> Cajun Electric Power Cooperative, Inc., "Minutes," August 31, 1976, 8; Cajun Electric Power Cooperative, Inc., 1977 Annual Report (n.p., n.d.), 8.

was to be loaned at three different intervals throughout 1977 and early 1978 at an average interest rate of 7.714 percent for thirty-five years. The remainder of the \$629 million came from the New Orleans Bank for Cooperatives, an organization set up for the specific purpose of providing funds for federally insured loans. In addition, Cajun established a seventy million dollar line of credit with the Bank for Cooperatives to pay monthly construction costs, and sold seventy-five million dollars worth of tax-free bonds through the Pointe Coupee Police Jury to pay for the plant's pollution control facilities.<sup>2</sup>

With all this accomplished, and with what seemed to be a thriving project and unlimited credit, Burgin and the Cajun board had already begun looking to the future. Burgin's ability to foresee the future, the natural gas shortages, the impossibly high rates, the government's restriction against gas as a boiler fuel, and the promising future of lignite--all had given him a lot of power on the Cajun board when it came to looking ahead. In 1976, Bonner wrote: "[E]ven before the energy crisis hit in 1973, CEPCO manager Merl Burgin envisioned a fuel crisis and eventual loss of our cheap natural gas to generate power. How, I don't know. Even before the Arabs began their blackmail, he was roaming the West in search of low-sulphur coal to

<sup>2</sup> 1977 Annual Report, 8.

assure a future supply of electricity for rural Louisiana. That's why we are a jump ahead of every utility in the state."<sup>3</sup> Burgin had good reason to see a greater need for the future. Demand for electricity in Louisiana was growing rapidly. His studies showed that within eight years of the completion of the second unit at Big Cajun #2, the state's thirteen co-ops would need nearly twice as much generating power as the Cajun plants could provide. To meet the demand, he planned to build a third unit at Big Cajun #2 to be completed in 1982. This would bring Cajun Electric's total generating capacity within the vicinity of 1,840 megawatts. And that, he wrote in his 1978 report, would keep Cajun above the estimated demand for only about three years. Next, he hoped to build a plant on the lignite fields of north Louisiana. That plant was to be completed in the mid-Eighties, followed by a second north Louisiana plant in the late Eighties.<sup>4</sup> On top of this, Cajun had made some early noises about buying a portion of GSU's Riverbend nuclear plant. That plant is to generate 940 megawatts when it is finished, and in 1976, GSU offered Cajun up to 200 megawatts, a little over twenty percent of the plant. Such a purchase would delay the need to build

<sup>3</sup> Rural Louisiana, April, 1973, 3.

<sup>4</sup> Cajun Electric Power Cooperative, Inc., 1978 Annual Report (n.p., n.d.), 2, 15; Rural Louisiana, August, 1978, 8; ibid., April, 1979, 9.

the first north Louisiana lignite plant scheduled for 1984.<sup>5</sup> It would also transfer all of the headaches of construction to GSU. But the main advantage would be diversity. By making use of as many types of fuels as possible, Cajun stood a better chance of dealing with the anticipated energy problems of the future. This was the conventional wisdom of the Seventies. As it turned out, Cajun brought thirty percent of Riverbend, or 282 megawatts, and GSU purchased forty-two percent of the third unit at Big Cajun #2. GSU had also seen the need to diversify.

All of this expansion and growth had been Burgin's dream, but in 1978 he was within one year of the mandatory retirement age of seventy, a condition of employment that he himself had earlier insisted be made company policy. The board wanted to bring in a new manager for the year before Burgin left, allowing him to learn the ropes under Burgin's direction. But that condition of employment received a poor reception from prospective applicants; hardly anyone applied. Finally, Jim Smith, the manager at SLECA, asked for the job and was hired. But Smith, according to Burgin, did not want to follow him around for a year, and asked the board to allow him to step into the position immediately. He was granted his wish, and Burgin left his

<sup>5</sup> 1978 Annual Report, 15; Rural Louisiana, October, 1979, 11.

post in September, 1978, about one year early--with pay until age seventy, of course. "So, he came in and I stepped out, and you might say we were never in the office at the same time."<sup>6</sup> After nine years, Burgin's influence had ended. It was not a bitter end, but it was an uncomfortable one.

Burgin's term at Cajun was during the good times that fell between two bad periods in the program's history. He took the job just weeks after the fights with the private utilities ended, and he left just before fuel and transportation costs drove consumer rates through the roof. Prices began to rise in the mid-Seventies, and by the time Burgin left in 1978, they were high, but by 1980 fuel and transportation costs had skyrocketed out of sight. Federal deregulation of the railroads in 1980 drove transportation costs up forty-four percent. That hope in the mid-Seventies for a twelve-to-fifteen dollar price per ton for delivered coal became a disappointment of over thirty dollars by 1980.<sup>7</sup> Today, three years later, the cost is over forty dollars per ton.<sup>8</sup> Rail charges alone went from seven dollars

<sup>6</sup> Interview with Merle Burgin, August 5, 1982, New Roads, Louisiana. Bonner announced Burgin's retirement in Rural Louisiana in April, 1980, 11.

<sup>7</sup> Rural Louisiana, June, 1980, 3.

<sup>8</sup> Interview with Mark Bonner, September 21, 1983, Baton Rouge; interview with Burgin, August 5, 1982; Rural Louisiana, January, 1981, 3.

per ton in 1976, to just under thirteen in 1980,<sup>9</sup> while barge rates doubled from 3.39 to 6.84.<sup>10</sup> Fuel oil, used in Cajun #1, went from three dollars per barrel in 1974 to almost thirty-eight dollars in 1980,<sup>11</sup> while natural gas rose from twenty-three cents per thousand cubic feet in 1973 to an astounding seven dollars.<sup>12</sup> In the early Seventies when Cajun was still buying power from the companies, the cost was .6 cent per kilowatt hour.<sup>13</sup> By 1979, that cost had increased to 2.5 cents.<sup>14</sup> Just two years later, Cajun was producing power for 3.5 cents per kilowatt hour. Of course, all of this increase was transferred to the consumer. In 1974, the average consumer on the co-op system paid twenty-two mills per kilowatt hour. The average price charged consumers on the investor-owned utility system was twenty-six mills, with GSU and New Orleans Public Service paying as much as twenty-nine. By 1980, Cajun's prices were up to forty-six mills, while the average company prices were just under that, at forty-five.<sup>15</sup>

<sup>9</sup> Rural Louisiana, March, 1980, D.

<sup>10</sup> Ibid., D.

<sup>11</sup> Ibid., January, 1981, 3; ibid., September, 1980, 3; ibid., February, 1980, 3.

<sup>12</sup> Ibid., January, 1981, 3.

<sup>13</sup> Ibid., January, 1981, 5; ibid., February, 1980, 3.

<sup>14</sup> Ibid., February, 1980, 3.

<sup>15</sup> Ibid., January, 1981, 5.

By 1983, Cajun's prices had gone up to eighty-one mills per kilowatt hour, while the investor-owned average rose only to sixty.<sup>16</sup> For Cajun, that is a seventy-six percent increase from 1980 to 1983, while the companies' consumer rates rose by only thirty-three percent. Some of this increase for Cajun between 1980 and 1983 had to do with other problems, but much of it was a result of increasing fuel and transportation costs.

The early Eighties brought these increases, but these years also brought headaches of a different kind. Design and engineering problems at the plant nearly brought the entire program to its knees. The first sign of trouble came when the boilers were being tested just prior to the May 1, 1980, completion date. The problem was in the boiler system, more specifically, in the boiler tubes. Because of an apparent slag build-up in these tubes caused by a high sodium content in the coal, the tubes got too hot. The result was an explosion in the system that shut down operations for over a year.<sup>17</sup> There were two immediate results. One was that a man-made mountain of coal began to pile up near the plant that could not be used, but had to be paid for. Second, contracts with the companies ran out,

<sup>16</sup> See Appendix XXI.

<sup>17</sup> Interview with Burgin, August 5, 1982. Bonner first mentions the design problems at Big Cajun in Rural Louisiana, January, 1981, 5.



and Cajun had to purchase power from just about anywhere at any price. The consequence was that prices to the consumers went from thirty-eight mills per kilowatt hour at the end of 1979 to sixty-six mills in 1981.<sup>18</sup> Cajun was able to absorb some of the cost, but it was the consumer who had to bear the brunt of the expense.

There were other design problems. Coal, before it is burned for boiler fuel, must be pulverized into face-powder fineness, and then blown into the furnace. The mechanism used to crush the coal is called a ball mill. It is sixteen-to-twenty feet in diameter and thirty feet long, and filled about one-third full with steel balls. Hot air is blown through the turning ball mill, picking up coal dust, and transferring it into the furnace. The problem has been that the plant's eight ball mills, four on each plant, have not worked properly. It is difficult to grind lignite; its consistency is something akin to cordwood, according to Burgin. It also has a high moisture level, and that, in Louisiana's high humidity, causes additional problems. Until early 1983, several, if not all, ball mills were down at one time or another, allowing the plant to operate at only partial capacity--if at all. Again, the coal continued to pile up, and Cajun had to pay top dollar for supplemental power to keep the system on line. In January, 1983, six of

<sup>18</sup> See Appendix XXI.

the eight mills were working, and by May, 1983, all eight were on line.<sup>19</sup>

Who was at fault? Riley Stoker, who built the boiler system and the ball mills, has more often than not received the most criticism for apparently not having the experience necessary to build such a system. But some of the blame needs to be given to the Cajun board members for awarding the contract for such a large project to a company for reasons of loyalty rather than for experience and ability. Furthermore, the one person who had the expertise to know which company could best do the job was Burgin. Today, he states that he had opposed allowing Riley Stoker on the bid list because the company was inexperienced in such projects. But his opposition, it seems, was not loud enough to be heard, because few did. If Burgin did make his opinion known, then the board is, again, at fault for not listening. But with all this fingerpointing, someone had to receive the blame for it all. It was Bovay that had set itself up, by its own design, as chief engineer, the one with the authority--and the responsibility. So, with costs rising, coal accumulating, consumer groups forming, and tempers flaring, Cajun fired Bovay in 1981, and handed the entire program over to Burns and Roe, the other engineering firm that built the plant. They were charged with taking care

<sup>19</sup> Interview with Burgin, August 5, 1982; testimony of John Schwab before Foster Campbell's Senate Investigation Committee of Dixie Electric, Zachery, Louisiana, January 17, 1983. Schwab is the principal attorney at Cajun, Dixie, and ALEC.

of the problems and building the third unit that was scheduled for completion in the summer of 1983. The only retribution dealt Riley Stoker was that its bid was not taken for the third unit. The boiler contract went to Babcock and Wilcox of London, the company that built Basin Electric, and the company that Burgin had wanted to build the first two units in the first place.<sup>20</sup>

The third unit went on line as scheduled in mid-summer, 1983, with few problems. The cost for all three plants was 1.3 billion dollars, and they produced 1,620 megawatts of power. Two hundred eighty-two megawatts will be added to that when the Riverbend Nuclear Plant goes on line in 1984, unless it is further delayed. The projected load for the summer of 1983 was 1,300 megawatts. With the two units of Cajun #2 on line, plus the output of Cajun #1, Cajun Electric was able to meet that demand with a 200-plus megawatt reserve. it is a requirement of the Southwest Power Pool, to which Cajun belongs, that systems maintain a twenty percent reserve for emergency purposes, and Cajun fell short of that requirement. But by the mid-summer peak, the third unit came on line, boosting Cajun's capacity to 1,620 megawatts.<sup>21</sup>

<sup>20</sup> Interview with Burgin, August 5, 1982; interview with Mark Bonner, September 21, 1983; interview with Mark Bonner, July 29, 1982, Baton Rouge.

<sup>21</sup> Testimony of Schwab, January 17, 1983; 1978 Annual Report, 15.

Future plans are to build Cajun #3, sometimes called Oxbow, in north Louisiana on the lignite fields there. Four thousand acres have been purchased near Coushatta, and a loan guarantee for one billion dollars is currently under consideration at REA in Washington. This idea had its beginning when Burgin considered it as early as July, 1976. Plans were announced in August, 1977. The plan is to build two 540 megawatt units there.<sup>22</sup>

There is no indication that demand for electricity has fallen off in Louisiana; in fact, it has continued to rise. In 1978, Cajun Electric estimated in its annual report that the 1983 needed capacity would be 1,310 megawatts, only 10,000 kilowatts over actual demand for 1983.<sup>23</sup> So, it appears that if it is the objective of Cajun to continue to serve the needs of its consumers statewide, it must continue to grow. The only alternative is again to purchase power from the companies.

All of Cajun's design and engineering problems turned into financial problems which, in turn, caused consumer bills to rise. This left Cajun open to controversy and criticism from those who felt that the rate increases could and should be regulated. So, for the last time, Bonner

<sup>22</sup> Cajun, "Minutes," July 27, 1976; Rural Louisiana, August, 1977, 7; 1978 Annual Report, 15; Rural Louisiana, August, 1979, 11.

<sup>23</sup> 1978 Annual Report, 13, 15.

entered the ring against those who would stop the forward movement of the co-ops. But this time, ALEC, and the co-ops it represented, came away divided and weak, rather than united and strong.

Of all the goals (or dreams) of this movement, probably the most important has been to attain independence--from the federal government, from the state government, and from the private utilities. In 1972, it became apparent that dependence was a necessity of life for Cajun, that interconnection with the companies was the only way that self-generation (the greatest of all measures of independence) could be attained. But part of the 1969 compromise initiated by Hamil was for LEC to come under the regulatory umbrella of the Louisiana Public Service Commission. In 1978, with Hamil's influence limited to his cattle ranch in Colorado, Bonner again began taking steps toward independence--out from under the PSC.

It is the standard doctrine of ALEC and Cajun that the co-ops (and therefore Cajun) should not be under the PSC because they, themselves, are self-regulating. The co-ops and Cajun are non-profit organizations with unpaid board members who are elected by the people they serve. There is no profit motive, there are no stockholders to pay a previously established percentage of the profits, and there is no reason to raise prices beyond what it costs to produce the electricity. Also, REA, by determining loan

repayment schedules and how much to lend, is itself a regulatory agency. Furthermore, the people who elect the board members have the power to remove them in open elections, and that in itself is the ultimate system of regulation. Many, such as Bonner, see it as a decidedly American system of regulation, and therefore the best system. So, why should the PSC stick its nose in all this when it is the job of the directors, above all else, to keep prices as low as possible? In addition, if the PSC should deny Cajun a rate increase, Cajun would be tied up in expensive court appeals that the consumer would have to pay for.<sup>24</sup>

This all makes sense, but there is an argument on the other side. On May 1, 1978, Bonner had a bill introduced in the State Senate to remove the co-ops from PSC regulation. The bill was well presented by Edgar Mouton and Claude Duval, among others. It slid through both houses, and was quickly signed into law on June 15. It was a healthy victory. In the Senate, the vote was thirty-six to one.<sup>25</sup> But it was that one vote that has given Bonner, Cajun, and ALEC fits since then. Foster Campbell (the one vote), Senator from Bossier Parish, has worked since that day to bring Cajun back under the PSC, and he has developed

<sup>24</sup> Interview with Mark Bonner, September 21, 1983.

<sup>25</sup> Senate Bill 557. 1978 Legislative Calendar, Fourth regular session, 1978, 703.

something of a following. To him, the co-ops and Cajun have the ability to regulate themselves, but they have not done it. To Campbell, the record at Cajun is miserably poor; the breakdowns and high rates are the result of mismanagement by a group that is unable to make decisions on the disposition of a billion dollar enterprise. "I think they're just in over their heads. What you have is two or three managers over there telling these board members what they ought to do. Who's checking on those three managers? That's a lot of power. They're responsible for a million people."<sup>26</sup> He also feels that if three-fourths of the state's consumers are protected by the PSC, then so should the rest; and he points to the fact that the unregulated one-fourth has had higher rates than the regulated three-fourths. Campbell also argues that REA is not a true regulator of the co-ops, that it allows them a free hand in almost every aspect until default, and thus, he says, regulation is too late. Furthermore, he does not see local co-op boards as self-regulating. In some areas, the by-laws of the co-op make it nearly impossible to remove board members from office, leaving these men unregulated, and unreceptive to consumer wishes. All of these illnesses, to Campbell, would be cured by PSC regulation, but he is not willing to stop there. "I think the time has come when

<sup>26</sup> Interview with Foster Campbell, March 4, 1983, Baton Rouge.

we just probably don't need the REA's anymore. The private companies will do the job better. I think [the co-ops] ought to be bought out in Louisiana. I'll be willing to stake what I believe on that."<sup>27</sup>

Campbell has made some points in light of the problems at the Cajun plant and the subsequent transformation of those problems into higher and higher consumer rates. This, along with a modest but growing following (that increases as rates increase) from such groups as Dixie Watch and others, has drawn some attention to Campbell. In the legislature, his influence is also growing. In the past, he has won support for his anti-co-op bills from such diverse figures as Victor Bussey of the AFL-CIO, and Governor David Treen. Even Edwin Edwards, a close friend of Campbell, has stated that PSC regulation for the co-ops would end the squabbling and not be much more than an inconvenience to Cajun. But he has also stated that it is the desire of Cajun to stay out from under the PSC, then he will give his support.<sup>28</sup>

Campbell's one-man crusade against Cajun began in 1978, but it was not until 1981 that he was ready to introduce a bill to place the co-ops back under the PSC. His bill did well that year, partly because that was at the

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.; interview with Edwin Edwards, June 3, 1982.



height of Cajun's troubles, and electric bills were rising rapidly. It passed the Senate on June 16, with a respectable twenty-three to twelve vote. But in the House, the story was different; the bill received a rousing thumbs-down vote of eighty-seven to zero.<sup>29</sup> To Bonner, this was a great victory. He had put together a coalition of groups that "normally wouldn't even sit down and talk together." He also received a commitment from Governor Treen to veto the bill should it reach his desk.<sup>30</sup>

In 1982, Bonner again rallied his forces, and this time Campbell's bill died a quick and painless death in committee.<sup>31</sup> But at the end of that session, Campbell received permission from Senate President Michael O'Keefe to do a statewide study of Louisiana's co-op system, to go from co-op to co-op and hold hearings, to ask questions about their operations.<sup>32</sup> Campbell held these meetings just prior to the 1983 legislative session, and although he visited only four or five co-ops, in addition to visiting Big Cajun and holding one or two hearings at the State Capitol, he received enough notice and publicity to launch

<sup>29</sup> Senate Bill 20. 1981 Legislative Calendar, Seventh regular session, 1981, Vol. II, 698.

<sup>30</sup> Interview with Mark Bonner, September 21, 1983.

<sup>31</sup> Senate Bill 720. 1982 Legislative Calendar, Eighth regular session, 1982, 793.

<sup>32</sup> Telephone interview with Foster Campbell, September 26, 1983; interview with Mark Bonner, September 21, 1983.

an effective political attack on the co-op system in the 1983 legislative session.

At these investigations and hearings Campbell was able to browbeat co-op leaders and to get his point across to the public and the media that he felt the co-op system in the state at the least needed regulation, and at most, total elimination. He was accompanied on this crusade by a small committee made up of various public service commissioners and state senators, but Campbell was always at center stage, taking co-op leaders to task for everything from (what he considered to be) paying their lawyers too much, to attending national meetings in Las Vegas with co-op money. Campbell barred no holds, and took no prisoners; his attacks were headlong, even ruthless.

ALEC's reaction was to divide and prepare to be conquered. Bonner mobilized for battle, but the ALEC board decided not to go head-to-head with Campbell. Instead, they would send representatives to the hearings (principally John Schwab, Cajun's sagacious attorney) and cooperate with the study, concede to Campbell all he wanted and needed. To Bonner, this was unconditional surrender. "You just don't win a fight that way," he says. In Louisiana politics, "if someone jumps on you, you jump on him twice as hard."<sup>33</sup> But the ALEC board did not see it that way and directed Alice Howard, the public relations director at Cajun, and

<sup>33</sup> Interview with Mark Bonner, September 21, 1983.

Paul Wood, the manager at Dixie, to coordinate the defense against Campbell's steamroller. They felt that to deny Campbell information, or to appear uncooperative before these open public hearings would have simply raised additional questions and added to Campbell's arsenal of allegations.<sup>34</sup> This is especially true since the tone of his hearings was that he was a public advocate, himself on the Bossier co-op line, who was simply trying to find out what was going on in an organization of which he is part owner. Throughout the hearings, he continually reminded the audiences: "I just want to know what's going on at my co-op. I've got a right to know."<sup>35</sup>

Whether or not Bonner was right, the hearings and the information Campbell attained through the process of conducting them propelled him into the 1983 legislative session stronger than he had been before. ALEC, on the other hand, went into the session not ready to do battle, but divided and weak. They may also have appeared beaten and bloodied from the "investigation," and not a good candidate for support in a big fight. Campbell, on the other hand, had a bandwagon on the roll, and was a good candidate to receive support from those who like to be on the winning side.

<sup>34</sup> Ibid.

<sup>35</sup> Senate Investigation Committee of Dixie Electric, January 17, 1983, Zachary, Louisiana; Senate Investigation Committee of Cajun Electric, March 11, 1983, Baton Rouge.

In such circumstances, both sides entered the 1983 session. Campbell was pessimistic. As late as March, he stated that the odds against passage of his bill were too great.<sup>36</sup> But he went on to introduce the bill just as he had done in 1981 and 1982. He was able to get the bill through the Senate, but it became stalled in House committee under the weight of ALEC's influence there. At the same time, Governor Treen introduced a bill that passed the House to require the co-ops to call meetings to inform their members of impending rate increases. In the Senate, Treen's bill became bogged down in committee, and it looked as though both bills would die on opposite sides of the legislature. But Treen and Campbell coordinated their efforts to come up with a compromise bill whereby co-op consumers could by petition require their local co-op board to call an election to decide whether or not to go under PSC regulation. This local option bill passed both houses and was signed into law.<sup>37</sup> According to Bonner, there was a misunderstanding on the floor of the Senate. He says that several senators saw the bill as a compromise between all parties, that it was a compromise that ALEC supported.<sup>38</sup> Campbell states adamantly that this is not

<sup>36</sup> Interview with Campbell, March 4, 1983.

<sup>37</sup> Telephone interview with Campbell, September 26, 1983; interview with Bonner, September 21, 1983.

<sup>38</sup> Interview with Mark Bonner, September 21, 1983.

true.<sup>39</sup>

The bill is certainly not what Campbell wanted; he seemed more excited over his victory than over what the bill will do. But he states that his crusade has not ended, that he wants to see the government leave the electricity business.<sup>40</sup>

In 1984, many of the old gas and oil contracts that the investor-owned utilities signed in the early Seventies will expire, and the companies will have to sign new contracts at much higher rates. This could cause their consumer prices to rise as high as, or higher than, the state's co-op consumers are now paying. Campbell insists that all of this will not happen, that investor-owned rates will always be lower than Cajun's rates, that Cajun has made mistakes from which it can never recover.<sup>41</sup> Cajun leaders, of course, feel that they were the first to bite the bullet, that they had made the expensive commitment to coal early, that their costs are fixed for the immediate future, and that the companies' consumers will see rate increases before the end of 1984 that will turn all of

<sup>39</sup> Telephone interview with Campbell, September 26, 1983.

<sup>40</sup> Ibid.

<sup>41</sup> Interview with Campbell, March 4, 1983.

this around.<sup>42</sup> Today, SWEPCO has the lowest rates in the state because it committed to coal earlier than anyone else.<sup>43</sup> Cajun was only a few years behind. The other investor-owned companies are still using fuel oil and natural gas in their boilers, or are bogged down in expensive nuclear plant construction. It is Cajun's argument that this disparity in rates will end very soon.

If this is true, it will take the wind out of Campbell's sails. Despite his victory in the last legislative session, he has done little more than yip at the heels of Big Cajun. He says that "[occasionally] I've gotten more than just their heels, sometimes I start grabbing at the seat of their pants,"<sup>44</sup> and certainly in the last legislative session he did at least that. But if the rates of the investor-owned companies do not soon rise to equal co-op rates, or if worse, co-op rates continue to rise seemingly out of control, Campbell will be able to grab more than just seats of pants. He has already begun another crusade to stop further expansion of Cajun Electric, to halt plans for the north Louisiana lignite plant that has been scheduled to meet the demand of the late Eighties.<sup>45</sup> Without the ability

<sup>42</sup> Testimony of Schwab, January 17, 1983; interview with A. A. Robinson, May 19, 1982, New Roads, Louisiana; interview with Mark Bonner, July 29, 1982, Baton Rouge.

<sup>43</sup> See Appendix XXI.

<sup>44</sup> Interview with Campbell, March 4, 1983.

<sup>45</sup> Telephone interview with Campbell, September 26, 1983.

to grow, how will the co-ops obtain the electricity needed to meet future demand, buy it from the companies again? Can the companies even provide it? Will they provide it? These are questions that must be answered before political decisions are made deciding the future of a public service that has a demand to meet.

The future of the Louisiana co-op system, though, is not in doubt; the co-ops will continue to exist. Even if Campbell should get his way and the co-ops should be placed on the block for some grand going-out-of-business sale, there would probably not be any buyers; the buyout price would be exorbitant, since it would include the assumption of a huge debt, and the purchase from the consumer-owners of equity that has built up in the system over the years. But in what manner the Louisiana co-op system will live on is not so certain. Some current and former co-op leaders fear the worst. Over the last thirty years, Bonner has been the glue that has held much of the system together. Now that he has retired, some feel that Cajun will simply take over ALEC, the huge giant will swallow its creator in one resounding gulp.<sup>46</sup> In 1981, Cajun built its new facility right next door to the old ALEC building on Airline Highway in Baton Rouge. Bonner could look out his

<sup>46</sup> Interview with Edgar Chaney, July 28, 1982, Jeanerette, Louisiana; interview with Mark Bonner, July 29, 1982; interview with Mark Bonner, September 21, 1983; interview with Rickie Pietre, January 17, 1983, Houma, Louisiana.

office window and see what he considered "them, looking down at me," both literally and figuratively.<sup>47</sup> Others fear that the local distribution co-ops will simply become branch offices of Big Cajun.<sup>48</sup> Should this happen, it would be ironic that Big Cajun, the system the distribution co-ops created in the early Sixties to bring them the independence that they so desired, should be the entity to remove that independence in the mid-Eighties.

Whatever the future holds for Louisiana's co-ops, one thing is certain, a change is about to occur. The old guard, those men who have been, for fifty years, the standard-bearers and front line troops of the state's co-op system, is about to hand over the reins of power to a new, younger group. It is, at this point, impossible to tell whether or not these new leaders will continue to push for the old goal of independence, and whether or not the co-op spirit will continue on with them. But it is certain that Louisiana's co-ops and their subsidiaries, ALEC and Cajun, are at a turning point in their history. This is a history of people, and as the people change, so must the history.

<sup>47</sup> Interview with Mark Bonner, September 21, 1983.

<sup>48</sup> Interview with Edgar Chaney, July 28, 1982; interview with Robinson, May 19, 1982.



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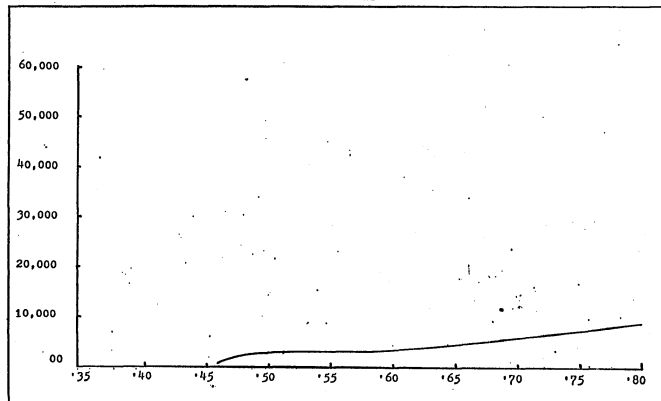
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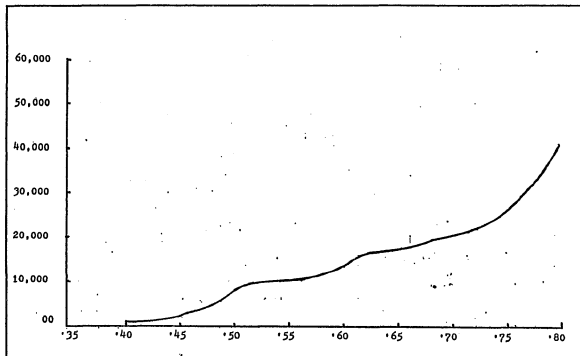
## APPENDICES

Appendix I  
Consumers Served  
Jeff Davis



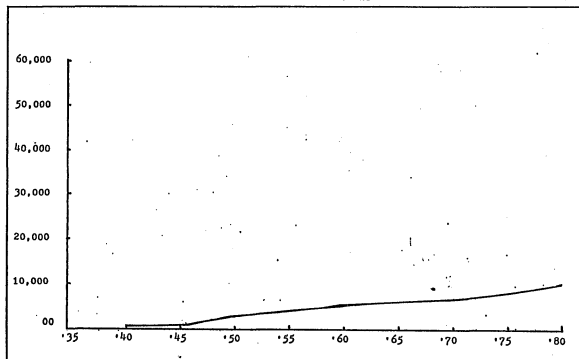
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix II  
Consumers Served  
Dixie Electric



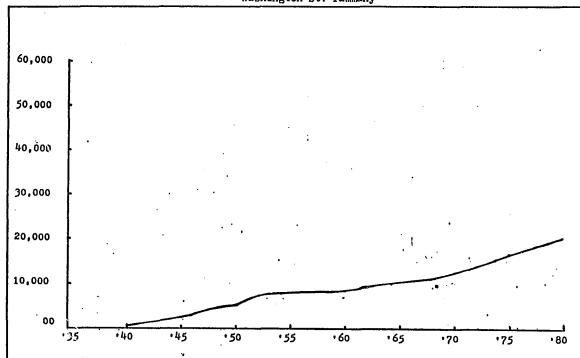
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix III  
Consumers Served  
Bossier Rural Electric



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

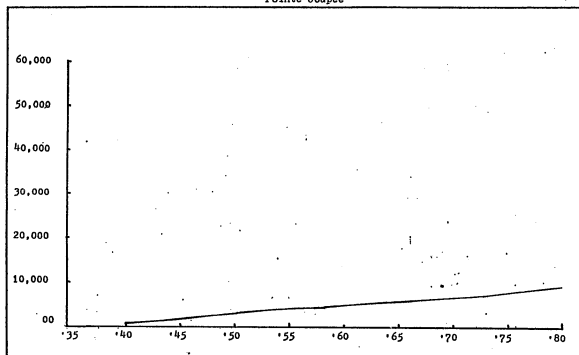
Appendix IV  
Consumers Served  
Washington-St. Tammany



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

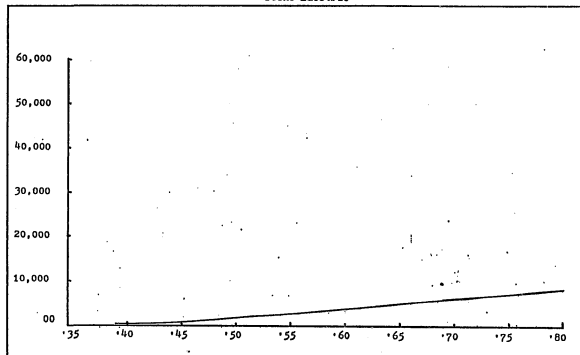


Appendix V.  
Consumers Served  
Pointe Coupee



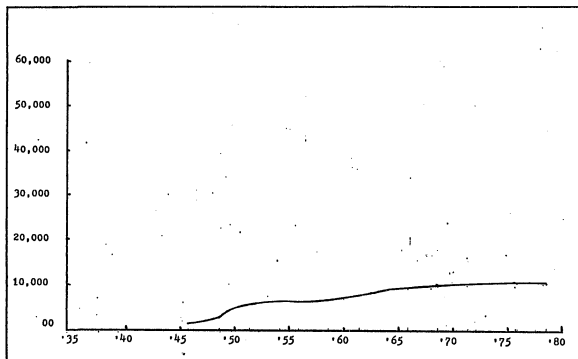
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix VI  
Consumers Served  
Teche Electric



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

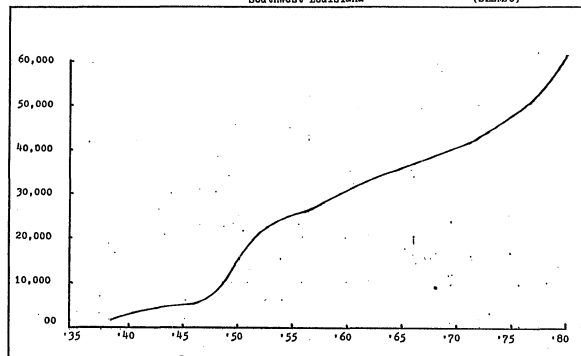
Appendix VII  
Consumers Served  
Concordia Electric



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

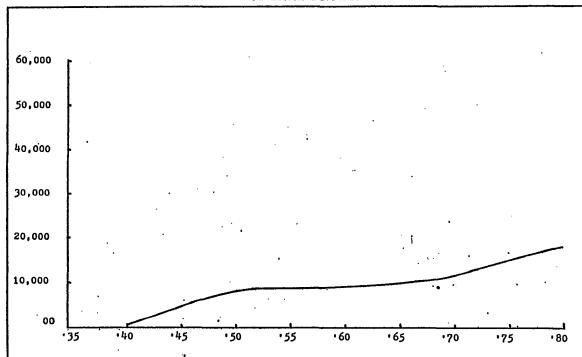
Appendix VIII  
Consumers Served  
Southwest Louisiana

(SLEMCO)



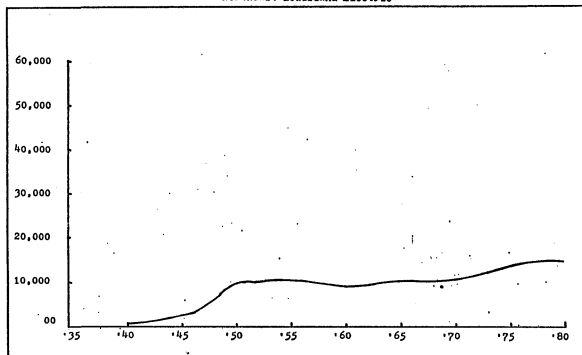
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix IX  
Consumers Served  
Claiborne Electric



Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

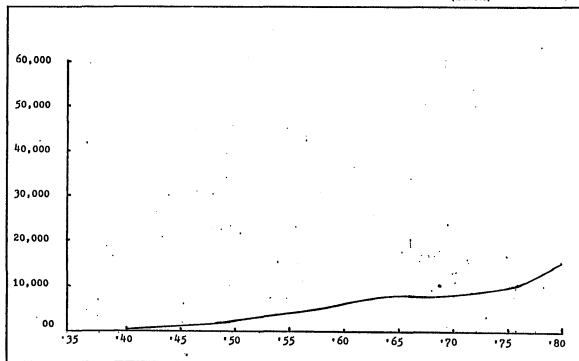
Appendix X  
Consumers Served  
Northeast Louisiana Electric



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

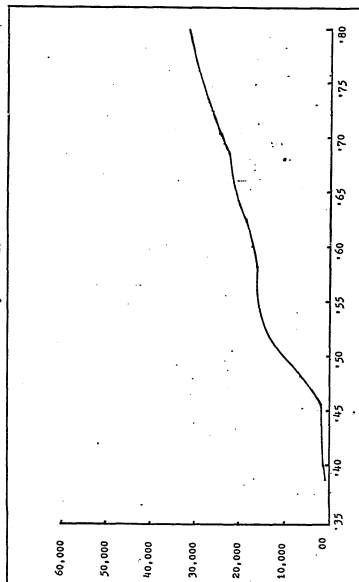
Appendix XI  
Consumers Served  
South Louisiana Electric

(SLECA)



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

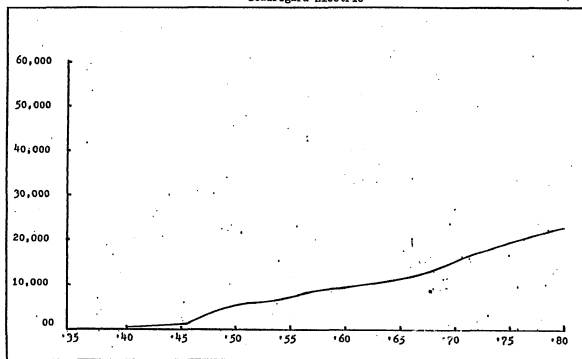
Appendix VII  
Consumers Served  
Valley Electric



Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C.: USGPO, 1975-1980).

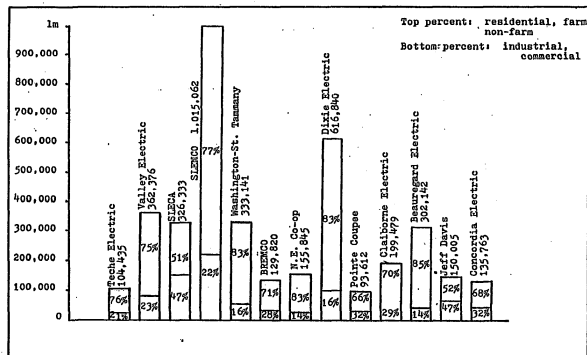


Appendix XIII  
Consumers Served  
Beauregard Electric



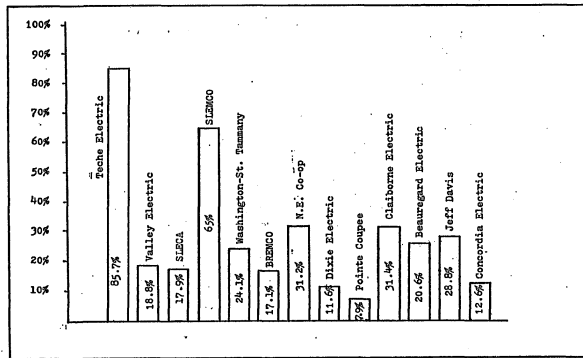
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix XIV  
Total Megawatt Sales, 1980



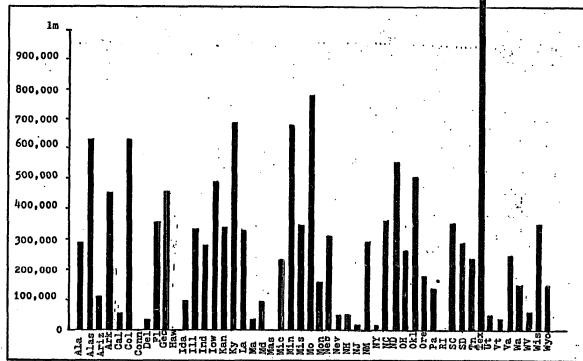
Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), 68-70.

Appendix XV  
Total Equity as Percent of Assets, 1980



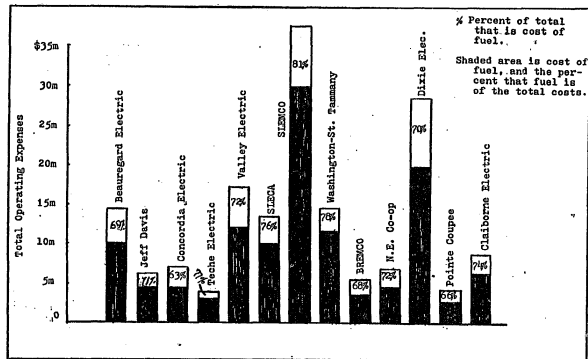
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), 68-70.

Appendix XVI  
REA Loans, as of 1980



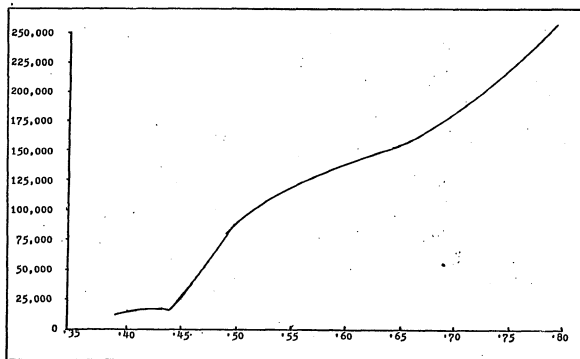
Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), xxxi.

Appendix XVII  
Cost of Power as Percent of Total Costs, 1980



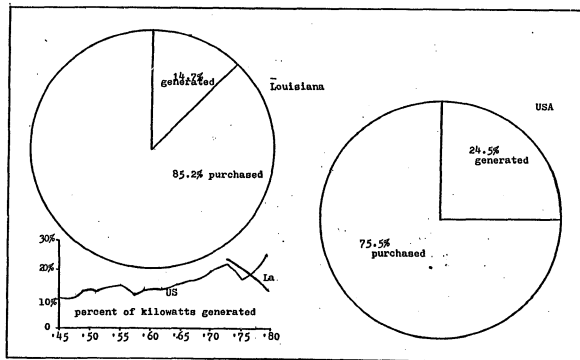
Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), 68-70.

Appendix XVIII  
Rural Consumers Served, 1935-1980



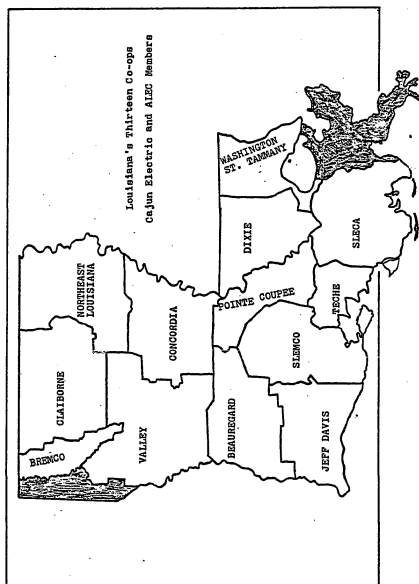
Source: United States Department of Agriculture, Rural Electrification Administration,  
Annual Statistical Report, 1935-1980 (Washington, D.C., USGPO, 1935-1980).

Appendix XIX  
Power Generated and Purchased



Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report, 1980 (Washington, D.C., USGPO, 1980), xxxiii, ibid., 1945-1980.

Appendix XX



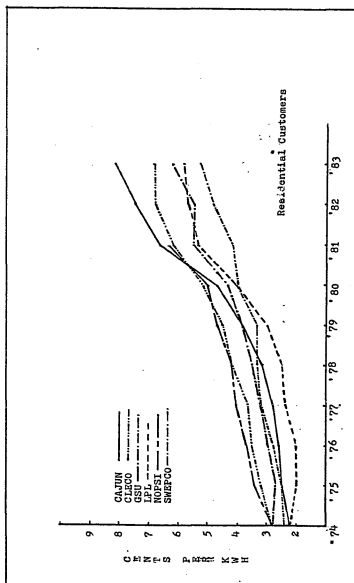


Appendix XXI  
Residential Customers  
Mills per KWH

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
NOFSI	29	33	37	40	41	47	50	63	--	--
CLECO	29	32	35	37	41	45	51	61	68	68
GSU	28	27	30	32	35	39	44	55	55	61
SWEPCCO	24	25	28	31	33	33	40	41	49	54
LP&L	<u>22</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>25</u>	<u>30</u>	<u>40</u>	<u>51</u>	<u>56</u>	<u>58</u>
Average	26	27	30	33	35	39	45	55	57	60
	==	==	==	==	==	==	==	==	==	==
Cajun	22	25	27	29	31	38	46	66	75	81

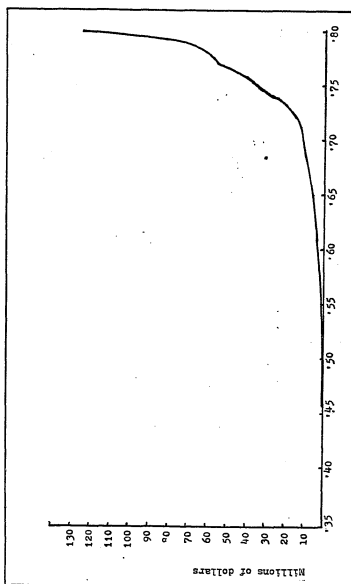
Source: Product of Senator Foster Campbell's Senate Investigation of Louisiana's Co-ops, compliments of Senator Foster Campbell.

## Appendix XXII



Sources: Product of Senator Foster Campbell's Senate Investigation of Louisiana's Co-ops, compliments of Senator Foster Campbell.

Appendix XIII  
Cost of Power



Source: United States Department of Agriculture, Rural Electrification Administration, Annual Statistical Report 1935-1980 (Washington, D.C., USGPO, 1935-1980).

## VITA

Gary Alan Donaldson was born in Marion, Indiana, March 4, 1950. He graduated from Marion High School in 1968. He received his Bachelor of Arts in History from Western Kentucky University in 1972. He earned his Master of Arts in History from Western Kentucky University in 1977. He received the Ph.D. in American History from Louisiana State University, Baton Rouge, in 1983.

EXAMINATION AND THESIS REPORT

Candidate: Gary Alan Donaldson

Major Field: History

Title of Thesis: A History of Louisiana's Rural Electric  
Cooperatives, 1937-1983

Approved:

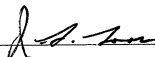


Major Professor and Chairman

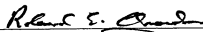


Dean of the Graduate School

EXAMINING COMMITTEE:



Paul F. Parkoff



Ronald E. Weber



John B. Henderson

Date of Examination:

November 1, 1983